

PROCEEDINGS

OF THE

**PROVINCIAL CO-OPERATIVE
CONFERENCE**

HELD IN

POONA

August 26th & 27th, 1914



POONA

PRINTED AT THE YERAVDA PRISON PRESS.

PRESENTED BY
Sir Pherozeshah M. Mehta.

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AGENDA.

Subject.	Speakers.
1. Opening Address ...	The Hon'ble Sir R. A. Lamb, K.C.S.I., C.I.E., I.C.S., Member of Council.
2. Summary of the Results of the preceding Conference.	The Registrar, Co-operative Societies.
3. The Necessity of an Industrial Survey of the Village Industries in India.	Rao Saheb R. G. Naik, Honorary Organiser, Belgaum.
4. The Relations of District Banks to the Bombay Central Co-operative Bank.	Sir Vithaldas Thackersey, Kt., and the Hon'ble Mr. Lallubhai Samaldas, C.I.E., Directors, Bombay Central Co-operative Bank.
5. A Proposed Co-operative Credit Union for Bombay.	Prof. O. V. Muller, M.A., Indian Educational Service.
6. Debt Redemption among Urban Labouring Classes.	G. K. Devdhar, Esq., M.A., Servants of India Society.
7. Debt Redemption among Agricultural Classes.	(1) M. R. Tarkunde, Esq., Honorary Organiser, Poona. (2) Rao Bahadur Narayanbhai L. Desai, Honorary Organiser, Surat.
8. Co-operative Cattle Insurance ...	Major G. K. Walker, C.I.E., F.R.C.V.S., Superintendent, Civil Veterinary Department.
9. Yarn Supply and Warping Improvement ...	W. T. Pomfret, Esq., Vice-Principal, V. J., Technical Institute, Bombay.
10. Co-operative Dairy Farming ...	V. H. Gonehalli, Esq., M.A., Assistant Registrar Co-operative Societies.
11. Co-operative Fodder Storage ...	S. M. Bharucha, Esq., Oriental Translator to Government.
12. A Flying Visit to a few Co-operative Societies in Ireland.	Baba Saheb Narayanrao Ghorpade, Chief of Ichalkaranji.
13. Personal Credit ...	Rao Saheb S. S. Talmaki, Chairman, Shamrao Vithal Co-operative Credit Society.
14. The Relations of Affiliated Societies to Unions and District Banks.	V. M. Herlekar, Esq., Chairman, Dharwar Dist. Union.
15. Need of a Co-operative Society for Agricultural Live-stock.	Rao Saheb A. U. Malji, Hon. Organiser, Broach.
16. The Co-operative Supply of Agricultural Implements.	K. B. Bhadrapur, Esq., M.A., Auditor, Co-operative Societies, S.D.
17. Miscellaneous—	
A Co-operative Educational Union ...	N. M. Joshi, Esq., Servants of India Society, Bombay.

REPORT

OF THE

PROCEEDINGS OF THE SIXTH PROVINCIAL CO-OPERATIVE CONFERENCE HELD IN POONA

ON

AUGUST 26TH AND 27TH 1914.

The Conference met at 11-15 a.m. on Wednesday, August 26th, in the Council Hall, Poona.

Present :

The Hon'ble Sir Richard Lamb, K.C.S.I., C.I.E., I.C.S., Member of Council.

The Hon'ble Mr. Prabhaskar D. Pattani, C.I.E., Member of Council.

M. K. Adhikari, Esq., Assistant to the Registrar, Co-operative Societies, Baroda.
K. B. Ankalgi, Esq., Managing Director, Dharwar Urban Co-operative Society.
Abdullakhan R. Atar, Esq., Deputy Educational Inspector, Belgaum.
Antoldas Hargovindas, Esq., B.A., LL.B., Broach.
R. B. Badve, Esq., B.A., Special Mamlatdar, Co-operative Societies, Nira-Canal, Baramati.
G. G. Bandevadikar, Esq., Auditor, Co-operative Societies, K.D., Satara.
S. N. Bapat, Esq., Mamlatdar of Kelva-Mahim.
Basvanappa, Esq., Weavers' Union, Dharwar.
J. D. Bakshi, Esq., Deputy Superintendent, Civil Veterinary Department, Poona.
R. D. Bell, Esq., I.C.S., Assistant Settlement Officer, Poona.
R. P. Bengiri, Esq., Retired District Deputy Collector, Hubli.
K. B. Bhadrapur, Esq., M.A., Auditor, Co-operative Societies, S.D., Dharwar.
L. K. Bhalerao, Esq., Chairman, Government Servants Co-operative Society, Jalgaon.
Rao Bahadur K. N. Bhangaonkar, Honorary Organiser, Dhulia.
Rao Saheb J. K. Bhat, Civil Veterinary Inspector, Ahmedabad.
G. D. Bhat, Esq., Surat.
S. B. Bhide, Esq., Jalgaon.
S. Cadambi, Esq., B.A., L.C.E., Superintending Engineer, Deccan Irrigation Division.
Chimankal Harderam, Esq., Secretary, Broach Agricultural Association.
W. G. Chirmule, Esq., B.A., LL.B., Honorary Organiser, Satara.
N. S. Chitguppi, Esq., Chairman, Southern Mahratta Mills, C.C.S., Hubli.
G. K. Chitale, Esq., B.A., LL.B., Honorary Organiser, Ahmednagar.
D. C. Churchill, Esq., Ahmednagar.
Bhimbhai Morarji Desai, Esq., Divisional Inspector of Agriculture, N.D.
G. G. Desai, Esq., M.A., District Deputy Collector, Kolaba.
G. H. Desai, Esq., B.A., Auditor, Co-operative Societies, N.D.
G. N. Desai, Esq., Weaving Expert Assistant to the Registrar Co-operative Societies.
Rao Bahadur K. G. Desai, Honorary Organiser, Surat.
K. N. Desai, Esq., M.A., LL.B., Ahmedabad.
M. J. Desai, Esq., Honorary Organiser, Panch Mahals, Kalol.
Rao Bahadur N. L. Desai, Honorary Organiser, Surat.
Sardar Rao Bahadur M. C. Desai, Chairman, Broach District Bank.
G. K. Devdhar, Esq., M.A., Servants of India Society, Bombay.
M. N. Dhapre, Esq., Chairman, Maroli Co-operative Credit Society.
B. R. Deshmukh, Esq., Mamlatdar of Dindori.
R. N. Deshmukh, Esq.
Rao Saheb S. J. Deshmukh, Honorary Organiser, Bijapur, Almel.
R. M. Deshpande, Esq., Ichalkaranji.
R. R. Divekar, Esq., Special Mamlatdar, Co-operative Societies, S.D., Dharwar.
L. S. Dwivedi, Esq., Mamlatdar, Mandvi.
R. B. Ewbank, Esq., I.C.S., Registrar, Co-operative Societies, Bombay Presidency.

- The Hon'ble Diwan Bahadur K. R. Godbole, Poona.
 S. A. Gokarn, Esq., Inspector, Co-operative Societies, S.D.
 K. H. Gokhale, Esq., Chairman, Cosmos Co-operative Credit Society.
 L. G. Gokhale, Esq., Assistant Auditor, Co-operative Societies, N.D.
 V. H. Gonehalli, Esq., M.A., Extra Deputy Director of Agriculture, and Assistant Registrar, Co-operative Societies.
 K. S. Gore, Esq., Auditor, Co-operative Societies, N.C.D.
 Shrimant Narayanrao Govind *alias* Babasaheb Ghorpade, Chief of Ichalkaranji.
 P. G. Halkatti, Esq., B.A., LL.B., Honorary Organiser, Bijapur.
 V. S. Hatvalne, Esq., Mahalkari of Pathardi.
 D. V. Herlekar, Esq., Secretary, Dharwar Agricultural Co-operative Credit Society.
 V. M. Herlekar, Esq., B.A., LL.B., Chairman, District Union, Dharwar.
 G. A. Hiremath, Esq., District Deputy Collector, W. Khandesh.
 Ganpatrao Hosurkar, Esq.
 D. A. Hukeri, Esq., Inspector, Co-operative Societies, S.C.D.
 J. E. Husbands, Esq., I.C.S., Assistant Collector, Poona.
 Rao Bahadur Ichharam Bhagvandas, Poona.
 R. K. Inamati, Esq., Chairman, Annigeri C. C. Society.
 B. V. Jadhav, Esq., M.A., LL.B., Sessions Judge, Kolhapur.
 A. K. Jogdale, Esq., G.B., V.C., Secunderabad.
 G. D. Jog, Esq., Ichalkaranji.
 V. S. Jog, Esq., Chairman, Pandharpur Co-operative Credit Society.
 G. V. Joglekar, Esq., B.A., District Deputy Collector, E. Khandesh.
 Rao Bahadur R. N. Joglekar, I.S.O., Assistant to the Commissioner, C.D.
 N. M. Joshi, Esq., Servants of India Society, Bombay.
 V. A. Joshi, Esq., Pandharpur.
 D. R. Kale, Esq., Chairman, Naregal Co-operative Credit Society.
 V. J. Kale, Esq., Professor, Fergusson College.
 The Hon'ble Mr. B. S. Kumat, Poona.
 Rao Saheb Shivmurti Swami, Kanbarji Math, Gokak Falls Co-operative Credit Society.
 S. V. Karandikar, Esq., B.A., LL.B., Baramati.
 G. F. Keatinge, Esq., C.I.E., I.C.S., Director of Agriculture and Co-operative Societies, B.P.
 Rao Saheb G. K. Kelkar, Extra Deputy Director of Agriculture, C.D.
 N. C. Kelkar, Esq., B.A., LL.B., Poona.
 R. M. Ketkar, Esq., Housing Association, Bombay.
 S. N. Keshwain, Esq., Chairman, Sirsi C.C.S.
 D. M. Kothavala, Esq., Mamlatdar of Ankleshwar.
 V. K. Kogekar, Esq., Divisional Inspector, Jalgaon.
 N. S. Kowshik, Esq., Secretary, Shamrao Vithal Co-operative Credit Society.
 Rao Saheb M. L. Kulkarni, Divisional Inspector of Agriculture, S.D.
 M. S. Kulkarni, Esq., Honorary Organiser, Dharwar.
 Rao Saheb S. R. Kulkarni, Honorary Organiser, Dharwar.
 Kumar Ratansinh Shambhusinh Jadhavrao, Chairman, Malegaon Co-operative Credit Society.
 B. K. Kurtkoti, Esq., B.A., Mamlatdar of Gokak.
 J. P. Lakhia, Esq., Honorary Organiser, Ahmedabad.
 The Hon'ble Mr. Lallubhai Samaldas, C.I.E., Director, Bombay Central Co-operative Bank, Ltd.
 Shri Mahabhagvat of Kurtkoti.
 Rao Saheb A. U. Malji, Honorary Organiser, Broach.
 E. Maconochie, Esq., I.C.S., Commissioner, C.D., Poona.
 Irappa Maniar, Esq., Veterinary Inspector, Nasik.
 Mansing Raising, Esq., Inspector Co-operative Societies, N.D.
 A. Master, Esq., I.C.S., Assistant Collector, Surat.
 Dr. H. H. Mann, Prof. Agricultural College, Bombay.
 Dr. S. B. Mehta, L.M. & S., Baroda.
 L. P. Mehta, Esq., Mamlatdar of Olpad.
 R. N. Mehta, Esq., Agent, Central Co-operative Bank, Branch, Baramati.
 V. L. Mehta, Esq., B.A., Manager, Bombay Central Co-operative Bank, Ltd.
 The Hon'ble Mr. G. P. Millet, Conservator of Forests.
 Sardar Gopalrao L. Mirikar, Honorary Organiser, Ahmednagar.
 Khan Bahadur B. E. Modi, Chairman, Surat District Bank.
 B. V. Mudliar, Esq., Poona.

- V. N. Mujumdar, Esq., Bar-at-law, Bombay.
 Prof. O. V. Muller, M.A., Elphinston College, Bombay.
 Rao Saheb R. G. Naik, Honorary Organiser, Belgaum.
 The Hon'ble Rao Saheb Venkatanna S. Naik, Ranibennur.
 R. V. Padbidri, Esq., Resident Magistrate, Hubli.
 G. J. Padhye, Esq., Special Mamlatdar, Co-operative Societies, C.D., Satara.
 Y. N. Palshikar, Esq., Honorary Organiser, Nasik, Malegaon.
 Rao Saheb P. N. Pandit, Honorary Organiser, Sirsi.
 M. J. Pandya, Esq., Inspector, Co-operative Societies, N.C.D.
 R. N. Paranjpe, Esq., Cosmos Co-operative Credit Society, Poona.
 Paramshetti Kadappa, Esq.
 Baba Saheb Patwardhan, Jahagirdar of Tasgaon.
 Rao Saheb T. J. Pitre, Chairman, Sholapur Taluka, C.C.S.
 Dayabhai A. Patel, Esq., Special Mamlatdar, Co-operative Societies, N.D.
 Gordhandas K. Patel, Esq., Honorary Organiser, Anand.
 P. C. Patil, Esq., Extra Deputy Director of Agriculture, C.D.
 Furshottam Ichcharam Patel, Esq., Secretary, Sansek Co-operative Credit Society.
 R. V. Patharani, Esq.
 W. T. Pomfret, Esq., Victoria Jubilee Technical Institute, Byculla, Bombay.
 Dr. B. V. Raykar, L.M. & S., Bombay.
 Rev. Canon Rivington, Gadag-Betigeri.
 Rev. A. Robertson, Poona.
 The Hon'ble Rao Bahadur S. K. Rodda, Honorary Organiser, Dharwar.
 Rev. H. R. Ryall, Poona.
 R. M. Sane, Esq., Honorary Organiser, Sholapur.
 R. N. Sane, Esq., Veterinary Inspector, Poona.
 N. R. Sathe, Esq., Inspector, Co-operative Societies, K.D.
 Sardar Shambhusing Amarsing Jadhavrao, Raje of Malegaon.
 Khan Saheb S. Faizumia, Honorary Organiser, Kaira.
 C. N. Seddon, Esq., I.C.S., Settlement Commissioner, Director of Land Records and Inspector General of Registration.
 The Hon'ble Mr. W. H. Sharp, M.A., Director of Public Instruction.
 S. V. Sirnaik, Esq.
 W. W. Smart, Esq., I.C.S., Poona, on Special duty in connection with the Cultivation of Sugar-cane.
 N. P. Surnis, Esq., Secretary, Pandharpur Co-operative Society.
 D. H. Tagare, Esq., Inspector of Agriculture, Sholapur.
 Rao Saheb S. S. Talmaki, B.A., LL.B., Chairman, Shamrao Vithal Co-operative Credit Society.
 K. V. Tamhankar, Esq., Ichalkaranji.
 M. R. Tarkunde, Esq., Honorary Organiser, Poona.
 K. V. Tardekar, Esq.
 S. V. Telang, Esq., Weaving Expert Assistant to the Registrar Co-operative Societies.
 L. V. Tikekar, Esq., Sholapur.
 Sir Vithaldas D. Thackersey, Kt., Director, Bombay Central Co-operative Bank, Ltd.
 Amritlal V. Thakor, Esq., Member, Servants of India Society, Bombay.
 B. K. Thakor, Esq., B.A., Professor, Deccan College.
 R. L. Udyavar, Esq., Auditor, Co-operative Societies, S.C.D.
 M. R. Upalekar, Esq., Manager, Central Bank, Branch, Baramati.
 K. R. Valvekar, Esq., Chairman, Hubli Co-operative Credit Society.
 B. B. Vaidya, Esq., Honorary Secretary, Agricultural Association, Barsi.
 S. G. Vaz, Esq., Member, Servants of India Society, Bombay.
 S. V. Vagh, Esq., Weaving Expert Assistant to the Registrar.
 Major G. K. Walker, C.I.E., F.R.C.V.S., Superintendent, Civil Veterinary Department.
 S. V. Yatgiri, Esq., Ranibennur.

I. Opening Address.

The Hon'ble Sir Richard Lamb, Member of Council, presided and in opening the business of the Conference said :—

Mr. Pattani, Mr. Keatinge and gentlemen, I regret that His Excellency the Governor is not able to be present here to-day, and that we thus have to miss the words of encouragement and the suggestions, which we are in the habit of receiving, at our Annual Conferences, from the head of the Government. In his absence I am happy to preside here. Before coming to the direct business of the Conference, I do not think it would be altogether out of place to refer to what is in everybody's mind, at this moment, that is, the state of War existing at present in Europe, which you all, as members of the British Empire, feel also here. I think that it will be particularly borne in mind by you that we, in India, are affected with regard to our daily life, in an extremely small degree by the existence of the War, and the evidence of our dealings being little affected lies in the fact that we are able to meet here to-day in large numbers, and that we are going on with our ordinary business and our ordinary work. The administration of this country has not been in the smallest degree affected by the state of the War. Everything is going on exactly as in ordinary times. We are able to proceed with our ordinary work and the administration of the country without disturbance or irregularity of any kind or description. Our Provincial finances are wholly unaffected, and we are going on with our expenditure and with the control of ordinary matters of our administration exactly as we do in ordinary times. I mention this because I think it is a good thing that we should remember the fact that there is no occasion whatever for any kind of alarm or scare. I think that all the gentlemen here will realise this fact, and I do not know that they can be better serving the country, at this time, than by discouraging any such rumours in all times and in all places. There is no need for alarm. What we have to do is to discourage all alarming rumours that will arise in the bazar or in the Chawdi, and to point out to those who circulate the rumours the foolishness of it by saying that we are going on with our business in all walks of life exactly as if the War never existed. We can assure them that there is no possibility—no moral possibility—of anything occurring to interrupt our proceedings in the normal way. I wished to say just these few words, before passing to the business of the day, so that there may be spread abroad that feeling of the fullest confidence, which is fully warranted by the circumstances of the case.

Well, gentlemen, as regards co-operative work, it would be superfluous, at this time of the day, to say anything on the general principles of, or to dilate on the benefits that are to be secured by, the co-operative movement. As to the general principles and the benefits resulting therefrom, we are all convinced and confirmed, and fortunately, that confidence and that belief has spread throughout the country in a most remarkable manner. I do not think that there is any way in which patriotic gentlemen, wishing to serve their country, can more effectively work for the good of the country than by supporting and encouraging this movement. I do not wish to detain you long, because the business in the programme is fairly full, and for what little I have to say I will take as basis, the Administration Report of last year, ending March 1914, copies of which have been circulated among the members of the Conference. I ask your permission to say a little in order to draw your attention to a few salient points.

I think the first point must be that it is not wise to push on hastily the movement after the first step is taken. The movement must be well considered and well thought out and the ground made sure, before an advance is made. It is not, I think, a sound policy to enter into competition with other provinces, who may have shown a larger number of Societies. What we have to do here is to make every one of our Societies, good and sound; we have not to push on merely to show a large number of Societies, without having the certainty of their being good, safe and sound Societies. I should deprecate moving too rapidly, and, I think, we ought to approve of the policy of 'slow and sure.' Make perfectly certain what are the advantages we are about to secure, what

is the ground that we have before us, and what are our abilities to build upon that ground.

The next point that I wish to refer to is in paragraph 15 of the Administration Report; it refers to the necessity of having Unions as a link between the Central Co-operative Bank and the Societies. The Registrar has dealt, in the Report, with some of the difficulties in the way, and this is one of the questions which will give rise certainly to a good deal of discussion and a good deal of anxious consideration before the link has been discovered. It is very necessary that as our Societies grow in number, they should come into closer intercourse with one another. You have to find the best means by which these numerous individual Societies can be brought together, so as to form a systematic whole, and connect them with the larger sources of the supply of capital. How this will work out it is not my intention, at present, to enquire. It is a matter which you ought to thrash out (Reads portions of paragraph 15 of the Report).

As regards individual Societies, their stability depends on good security and punctuality of repayment. It is not a good policy to increase the number of Societies by adding to them or by including in them members who are not reliable, members who are not to be trusted. The foundation of a Co-operative Society is that every member should be one worthy of the trust of his fellow-members. Where is the use of starting Co-operative Societies having a number of members, if all the members are not worthy of the trust of one another? The whole principle is one of mutual trust and confidence. It is not wise to disregard the fact that you must have each member worthy of the trust of every other member of the Society, that is, that all can rely upon them each for punctual repayment. Then only you can count on the success of the Society; otherwise, the success of the Society will become questionable.

Then there is another matter, which comes to the front; it is the question of 'Co-operative Societies for Agricultural Production and Distribution.' That matter is dealt with, at some length, by the Registrar in paragraphs 32 to 37 and 60 of the Report. As to the utility of such Societies, where they can be established, there can be no question at all. All these things are fully dealt with in paragraphs 32, 33, 34 and 35 of the Report. It is only by continuous and strenuous attention to these things that success can be expected. Societies like the Granary Societies and Grinding Mills Societies are very important, and it is recognised that where successful they would very much contribute to the prosperity of the people. I hope and I am sure that in the near future practical work in this direction will be forthcoming.

Then, again, there is the question of co-operation in connection with the industrial and labouring classes. Something has been done in that direction, *vide* paragraphs 48 and 49 of the Report. Mr. Ewbank has prepared a leaflet which, I think, has been supplied to the members of this Conference; it outlines a detailed scheme for Co-operative Societies, based on the principles of what is called the American Morris system.

Then, again, there is the problem of weavers. Paragraphs 50 and 53 refer to this subject. The weavers' problem presents difficulties of its own, and though a good deal has been done, a great deal more remains to be done. In this, as in other branches, the work of honorary organizers is of great necessity, because weavers' societies cannot be managed by Government Agency, nor do we wish to attempt any such undertaking. We look to the honorary organizers, in this as in other branches of work, to give that aid, which they have been so long giving in every respect, and to develop the system, which has been started for the encouragement of the hand-weaving industry. For the maintenance, prosperity and development of this branch of the work, I hope, the honorary organizers will see their way to take an active part.

To all the honorary organizers, who have been working, I wish to express your and my thankfulness and gratitude for the work they have done. But for this honorary work this movement could not possibly make the progress it has hitherto done, and the greater progress which it has to make in future. Without the assistance of the honorary organizers, I think, it would be impos-

sible to carry on our work--the work that we have been able to do hitherto, and the work we hope to do hereafter. Many of these gentlemen have been mentioned by their names in the Registrar's Report. It is not possible to mention all the names. I should like to thank them all for the work they have done. With these words I proceed to the business of the meeting (Cheers).

II. Summary of Results of the last Conference.

The Registrar said:—I am sure that we all realize that it is not any lack of sympathy with the Co-operative movement that has prevented His Excellency the Governor from attending the Conference to-day, and much as we regret his absence we know how urgent are the duties which require his presence elsewhere. We have the more reason to be grateful to the Hon'ble Sir Richard Lamb for so kindly sparing time, when the responsibilities of Government are so heavy, to come here in his place and to take the chair on this occasion.

It has been the practice of the Registrar at the last few Conferences to summarize briefly the action taken to give effect to the resolutions passed at the preceding Conference, in order that you may be satisfied that the proceedings are not allowed to end in smoke, and that the policy of the department is actually shaped according to the views of the main body of Co-operative workers.

Last year only one special concession was asked for from Government. They were moved under Section 46 of the Co-operative Societies Act to authorize District Banks and Unions to sell shares to one individual up to a limit of Rs. 3,000 instead of Rs. 1,000. Government have agreed to grant this exemption to any District Bank or Union on two conditions. Firstly, it must modify its by-laws so as to prevent excessive voting power falling into the hands of one member, and secondly, it must agree to forego the benefit of Section 21 of the Act.

With regard to the resolution recommending Central and District Banks and Unions to induce the members of affiliated societies to send their children to school, I am afraid that nothing very much has been done. It is not a subject on which this Department could well take the initiative, and the difficulties in the way of the adoption of an active policy by Central Banks and Unions are perhaps more serious than has been realized. Some action has been taken on the Nira Canal and in the Belgaum district, and further progress must be a matter of time.

The Co-operative Housing Association, advocated by the Conference, was formed under the Presidency of the Hon'ble Mr. Orr, and by the provision of a library and by public lectures has done its best to interest and arouse the public in Bombay. I regret to say that the response has not been encouraging, and that the general tendency has been to rely on the Municipality and the Improvement Trust for all progress in Housing conditions.

Mr. Devdhar's suggestions for the formation of mill-hands' societies, which were warmly endorsed by the Conference, have already borne fruit and will, during the current year, produce still better results. Three excellent societies have been established among the mill population of Bombay by the Servants of India and others are being started. You are invited by him again to consider the extremely pressing problem of indebtedness amongst the lower urban classes, and I trust that some way may be found of expanding and accelerating this valuable work.

In accordance with the wishes of the Conference, Government have agreed to subscribe to 100 copies of the journal "Commerce and Co-operation" for distribution, and in addition to this, some 30 or 40 societies are subscribing in their corporate capacity. If the journal is to be continued, I must again commend it for your support.

Only one Divisional Conference was held during the year, at Belgaum. No formal resolutions were passed as its object was chiefly propagandist. The main feature about the Conference was, that it was the first one in this Presidency organised entirely by unofficial local efforts.

The Registrar went on to explain the procedure which would be adopted in dealing with the business of the Conference and to extend a welcome to all the visitors and delegates attending it.

III. The Necessity of an Industrial Survey of the Village Industries in India.

(Appendix I.)

Rao Saheb R. G. Naik in laying his paper before the Conference recapitulated the main points contained in it. He thought that an undoubted decline in the prosperity of village industries had taken place. The causes were the illiteracy of the people and especially the lack of technical education. It was most desirable that an expert detailed survey of village industries should be undertaken and a Director of Industries appointed to give effect to its recommendations.

Mr. G. K. Devdhar objected to the view of Rao Saheb Naik that sufficient work had been done in popularising co-operative ideas. On the contrary he believed that the co-operative credit movement must advance much further, before industrial organisation became feasible. He supported, however, the need for an industrial survey.

Rao Saheb R. G. Naik replied that he agreed that much work was still to be done in spreading the ideas of co-operation. But credit business was now widely understood and he thought it possible to advance to co-operative production and marketing.

The Registrar agreed that the village industries of India were extremely worth preservation, and that the Silpa Shastras contained much invaluable lore. But the problems of debt, illiteracy and lack of technical knowledge were not easily remediable. He explained that during the last fifteen years a survey of about twenty industries had been carried out by I.C.S. Officers; and that Government had now initiated a fresh survey carried on by technical experts.

Mr. K. R. Valvekar supported Rao Saheb Naik's proposal and said that the right way of re-organising village industries could only be discovered by a thorough survey.

The Hon'ble Rao Bahadur Rodda saw many possible openings for new industries, if some guidance were given. The state industry required development. Mica was found around Bagalkot. The useful educational work which was being done by the agricultural department and through co-operative societies should be extended to village industries. He believed that Bombay should follow the example of Madras and Mysore, and appoint the Director in charge of this work.

The Hon'ble Mr. Lallubhai Samaldas suggested that instead of having one Director for all industries, we should have one for each industry. Subject to this proviso, he supported the recommendations of Rao Saheb Naik.

The President intervened at this point and said that neither the paper nor the discussion had any direct bearing on co-operation. Government were carrying out a definite policy of technical education. Expert surveys were being made as experts became available. He suggested that the paper should be recorded, and that as it had no bearing on the objects of the Conference, the second paper should now be taken up.

IV. Relations of District Banks to the Bombay Central Co-operative Bank.

(Appendix II.)

Sir Vithaldas Thackersey said :—Mr. President and gentlemen, as we have often discussed the advisability of forming Unions, it is not necessary for

me, on this occasion, to speak at length on the advantages of forming Unions in the interests of the Rural Co-operative Societies. The object of this joint paper is to put before you a practical scheme for the formation of Unions, if it is possible. The scheme, which I am placing before you now, is the scheme which has been circulated to all the members here. It has been formed in consultation with the Registrar. We have to remember, gentlemen, that the scheme, for the formation of the Unions, was formed before the establishment of the Central Bank. That Bank has been established for the last two years, but the Unions have not been established to such a large extent as we wish, therefore, it was thought desirable that if a fixed income is assured to the Unions for the expenditure and supervision of the Societies, of which the Unions are formed, it might facilitate the formation of the Unions, and, therefore, some proposals are made and conditions laid down in this paper. Of course, if Unions are formed without the help of the Central Bank, well and good; but if any help is necessary, the Central Bank would be prepared to give it on conditions laid down in this paper. The conditions, I do not think, are, at all, unreasonable. The Unions, if they are to be of real value, must be responsible bodies; they must have capital of their own. It is not a desirable thing for a Union not to have its own capital but to start with capital borrowed from the Central Bank. That is not a desirable thing for all concerned. The Unions must be responsible bodies. If a Union is formed with the minimum capital of Rs. 5,000, the Central Bank will lend it 5 times its own capital; this loan, of course, it will, in its turn, transfer to the Rural Societies. We will reduce our rate of interest, in the case of these Unions, to $6\frac{1}{2}$ per cent. According to our ordinary rules the rate of interest is 7 per cent. as minimum and 8 per cent. as maximum. Our other condition is that the Unions will appoint Inspectors. If we find that the Inspectors are wanting in the discharge of satisfactory work, then, of course, the Unions must change those Inspectors and appoint better officers. The funds placed at the disposal of the Unions are to be lent only to the Co-operative Societies classified as A and B, after inquiry by the Registrar. We have said further, in this paper, that other societies may be given loans by the Unions after due enquiries are made and the consent is taken of the Central Bank. You know, gentlemen, the present procedure is that before any loan is granted to a Rural Society, enquiry is made into its assets. If the assets are found satisfactory the loans are granted. There is necessarily some delay, therefore, in the granting of loans. After the Unions are formed and are in touch with the daily life and the daily work of the Societies, and after the Societies are satisfied with the work of the Unions, then there will be no necessity for the Central Bank to make enquiries, and loans will be granted to the Unions, on the assumption that the Unions have become sufficiently responsible bodies and will grant loans, in their turn, to the Rural Societies (Reads the fifth clause of the scheme propounded in the paper on behalf of the Central Bank). The whole object is that if Unions are formed, according to our idea, and if they are working on the basis of Rs. 5,000 paid-up capital, they will get Rs. 25,000, and if they make only 1 per cent. profit, and no more, they will get, at least Rs. 250 as their income. I think it would be feasible for the Unions to employ satisfactory and good Inspectors to supervise the work of the Societies. Suggestions have been made that the limit of '5 times the paid-up capital' might be extended to '10 times the paid-up capital.' That is a matter of detail, and if the Unions are working satisfactorily, I do not think, there would be any great difficulty in increasing the limit. But we must go on cautiously. We can give material assistance to the Unions that are working satisfactorily. Then the other great facility we wish to give to the Unions is by giving 'cash credits,' so that the Unions need not keep any cash with themselves; whenever any demand is made by the Rural Societies, the Unions can draw cheques on the Central Bank. In return the Rural Societies will not be delayed; whenever they want money, they can get it from the Unions without suffering from a long delay, which would be caused if they apply for money to the Central Bank, which will have to make enquiries into the condition of the applicant Societies. I think, under these circumstances, you will start the formation of Unions at an early date.

Mr. R. M. Sane enquired whether the Unions were to advance money to societies classed A and B at the same rates or at different rates.

Sir Vithaldas Thackersey—The same rate.

Mr. R. M. Sane said that the present system of making enquiries through a special Mamlatdar was so slow that loans were often useless. He knew of a case in the Sholapur District where a loan was so delayed that the people refused to accept it. Rural Societies usually wanted loans at 2 or 4 days' notice and they could only be supplied by a system of District or Taluka Unions.

Mr. Herlekar explained that in his experience in Dharwar the reason why the union was not progressing was that there was not a sufficient inducement for societies to become members. The Union did not command enough capital to meet their needs or to provide a well-qualified Inspector. The difficulty could only be removed by a closer connection between the Unions and the Central Bank. If the Unions were placed in a position to extend useful services to the societies, they were bound to become important and effective. The main conditions stated by *Sir Vithaldas* were acceptable, though perhaps, there might be a difference of opinion with regard to the interest.

Mr. K. R. Valvekar said:—I quite agree with the remarks of *Sir Vithaldas* and I congratulate him and his colleague on the drafting of this paper. With regard to the details of the scheme, I am sorry to say that many of its conditions are far from being fair and reasonable. Let us take them one by one. The first condition is that the Union should have a paid-up capital of at least Rs. 5,000. In my humble opinion this should be less than Rs. 5,000, because generally the capital of the Union is very small. I have just read in the Report of *Mr. Ewbank* that the share capital of Unions is as a rule not large. *Sir Vithaldas Thackersey* desires that there should be a large number of Unions, but, I think that on account of this limit of paid-up capital there will not be any growth of the Unions. If the primary object of the Central Bank is to finance the Unions and through them the Co-operative Societies, then the limit of the paid-up capital should be less than Rs. 5,000. Otherwise that object will not be said to be fulfilled. Then let us take the second part, which runs thus:—'The Bank will lend it, in the first instance, up to a limit of five times its paid-up capital, plus the reserve fund, minus the amount of liabilities already incurred by way of deposits, &c. When actual experience of the working of this arrangement is gained, the question of increasing the limits may be considered.' The Central Bank will not lend money except up to 5 times of the paid-up capital and the reserve fund, that remains after deducting the amount of deposits therefrom. If the amount of deposits exceeds the amount of the share capital and the reserve fund, then the Bank is not at all going to advance any loan. If my view is correct, then the Central Bank will not be of any use to the Unions or to the Societies, because from my experience I know that in almost all Societies the amount of deposits exceeds the amount of the share capital and the reserve fund. Thus, I think, the majority of Societies will not have the advantage of financial accommodation from the Central Bank if, at all, this condition is to be imposed. I think that in the interest of the Unions as well as the Co-operative Societies, this condition should be altered. The general amount of deposit is 4 times the amount of share capital, according to the bye-laws. I think that unless this clause is eliminated, the scheme of *Sir Vithaldas* and his colleague will not be of any use to the Unions. I will now pass on to the 3rd clause, which says:—'The Board of Directors may require the Union to change its Inspector, if they consider his work unreliable.' I will take out this condition altogether. This condition shows that the Central Bank does not wish the Unions to be dependent on its own officers. If the Central Bank does not wish to repose confidence and in the honesty of the Unions, how can it work smoothly with the Unions? Then the 5th clause also means that the Bank has no confidence in the honesty or ability of the Union. I think, this condition is very humiliating, and no Union, which is in possession of credit, will appreciate it. If *Sir Vithaldas* wishes for the growth of Unions, certainly, I think he should reconsider this matter and make these conditions less hard. Then, we come to clause 8, which is as follows:—'Interest is to be charged usually at $6\frac{1}{2}$ per cent. payable on 30th September and 31st March of each year.' If the Co-operative Societies are charged the rate of 7 per cent. that will give the Unions the advantage of $\frac{1}{2}$ per cent. Practically speaking, that is

no advantage, at all. There is no benefit to the Unions. I think in my part of the country the prevailing rate is not above 6 per cent. if the security is sound and good. To the Unions this condition is of no advantage at all. If the Unions take money at $6\frac{1}{2}$ per cent., what would be the rate at which they should lend that money to the Co-operative Societies? Besides the money payable to societies, the Unions will require money for supervision payment to good Inspectors and so forth. The Bank does not take the trouble to pay any portion of these expenses. The liability for the whole amount for them will be borne by the Unions. They must be allowed to charge a higher rate at which to lend their money. The rate may be 8, 9, 10 or 12 per cent. If these rates are charged, no sensible or reasonable men would ever believe that the agricultural classes and the artizan classes, who are contemplated to be benefitted by the founding of the Co-operative Societies, would be able to improve their condition by taking money at such high rates. What is the use of adding to the number of societies, if they do not help those classes in any way? I think, Sir Vithaldas and his Hon'ble colleague, will reconsider this matter and make this condition less hard and less onerous than it is.

Mr. K. B. Bhadrapur agreed with Sir Vithaldas that Unions must undertake responsibility and consider that guarantee would not be worth having unless the share capital was at least 5,000 rupees. With regard to the Inspector, it did not appear to him hard or humiliating that the Central Bank should have power to remove an incompetent Inspector. He thought that the Central Bank should relax its terms for some societies.

Rao Saheb Naik said that the common rate of interest in Belgaum District was 6 per cent. and the Unions therefore could not usefully borrow money at $6\frac{1}{2}$ per cent. Apart from the question of the rate of interest he saw nothing too severe in the terms proposed.

Hon'ble Rao Bahadur Rodda said that every Union should have some capital to stand upon and that 5,000 Rupees was a reasonable sum. But the rate of interest was very high, and could not be accepted. Considering the security given he thought 5 per cent. quite enough.

Mr. Chitale of Ahmednagar pointed out that the Central Bank was raising money at 4 per cent. and that therefore it ought not to charge more than 5 or $5\frac{1}{2}$ per cent. Even merchants lend to each other at 6 per cent. No Union worth the name would agree to a rate as severe as $6\frac{1}{2}$.

Sir Vithaldas Thackersey pointed out that the object of the Central Bank was not to interfere with local capital. If money could be obtained locally at 6 per cent., let the Unions borrow locally. The Central Bank found that in Bombay they could scarcely get capital at 5 per cent. They were reluctant to continue the staff of special Mamlatdars and would be glad to dispense with them as soon as the Unions entered into some working agreement with it.

Khan Bahadur Modi said that in Surat District they had a share capital of about Rs. 30,000 and were able to get deposits of a lakh of Rupees. The rate of interest was 5 per cent. on fixed deposits and $3\frac{1}{2}$ on current deposits. He did not think the Central Bank would be of any great assistance if it charged as high a rate as $6\frac{1}{2}$ per cent. He would say that if the Central Bank needed intermediaries but expected that the Unions should pay it a high rate of interest, such as $6\frac{1}{2}$ per cent., it would not have many Unions subordinate to it or willing to borrow money from it. Those Unions which are capable of working independently of the Central Bank would go on doing so.

The President said:—Gentlemen, I think I may take it that there is no desire on the part of the Co-operative Bank to interfere with the work of the Unions which do not think it necessary to go to the Central Bank. The paper before us has outlined the conditions on which the Central Bank would be prepared to carry on business with Unions which are not yet in connection with it. I understand these terms are put forward that they may be fully discussed, and gentlemen here have expressed their opinions upon various points, and these opinions will be taken note of by Sir Vithaldas, the Hon'ble Mr. Lallubhai Samaldas and also by the Registrar of Co-operative Societies, who has been consulted by them. I think it would be quite sufficient

for you to record this paper and express your thanks to the Directors of the Central Bank for having put this scheme before us. I understand that the Unions, now in existence or that may hereafter come into existence, are in no way bound by the terms of the Directors of the Central Bank put forward here. Those terms are applicable only to those institutions which find that they do need help and support from the Co-operative Central Bank. Those that do not feel the need of support from the Central Co-operative Bank will be free to obtain their capital without the help of the Central Co-operative Bank. Therefore, this paper be now recorded (Cheers). I think that suggestion is accepted.

V. A Proposed Co-operative Credit Union for Bombay.

(Appendix III).

Professor Muller in presenting his paper said:—Two years ago I had the privilege of addressing this Conference on a different subject. Then I put forward certain suggestions. Today I have the privilege of putting before you a scheme which has been worked out more in detail and which I wish to place before you here for your information. The scheme of a Co-operative Credit Union was first started in Silesia by Frederick II, who was our great friend and who fought on our side in the Seven Years' War in 1769. The idea was brought to Prussia, thence to Italy, thence to Norway, thence to Sweden and finally to Denmark. At present it seems to be developed more in Denmark than anywhere else. It has been gradually improved. What I want to point out is that it was started in the interests of the landowners. The scheme I put forward before you, in my paper, is for the householders in Bombay; if it is tried in Bombay and if it proves successful, then it might be possible to try it in various agricultural districts in the Presidency. I will try to give very briefly the points of this scheme. When a person wants to take a mortgage on his property in Bombay, he finds it a difficult matter; sometimes he has to deal with people whose object is to make as much out of him as possible, and sometimes he has to accept onerous conditions; all that would be avoided altogether if this scheme is found workable. It will enable a man to obtain a mortgage on his property,—house or land,—without accepting onerous conditions. The idea of the Co-operative Credit Union is that debentures will be issued to the borrowers, who alone are the members of the Unions. The mortgage will not be for more than 60 per cent. the value of the borrower's property. The debentures will be sold to the general public. In respect of the mortgage, the Society does not give money but debentures, bearing interest at 5 per cent. The debentures may be sold in the public market through brokers or anyone else. The borrower, besides paying 5 per cent. interest, also pays $\frac{1}{2}$ per cent. more for sinking fund and management charges. He pays to the society roughly, every year, $5\frac{1}{2}$ per cent. When he gets his money by selling the debentures, he has to pay 2 per cent. of the amount into the reserve fund. That 2 per cent. will remain his property and he gets it back as the last instalment of his loan. What is the position? The house-owner gets a loan for $5\frac{1}{2}$ per cent. rate of interest. I learnt from the Registrar of Records in Bombay that at the present moment there are 2 crores and 78 lakhs of mortgages on house property in Bombay at the rate of interest ranging between $6\frac{3}{4}$ per cent. and 12 per cent. You will see how the failures of the Banks last year influenced mortgages in Bombay. In 1912 the mortgages were only for 1 crore and 64 lakhs. In 1913 they were 2 crores and 78 lakhs. Under this scheme the house-owner gets a loan at $5\frac{1}{2}$ per cent., and his debt is continually to be reduced every year in the books of the society; nevertheless the society charges him the same sum of $5\frac{1}{2}$ per cent. every year although his loan has naturally gone down, and the sinking fund goes faster and faster. He gets security in the 5 per cent. debentures, which are guaranteed by the society. Then the member is responsible to the society for all the debts not only on his own loan, but on account of all the loans of other people, and that not personally but with the whole of the property which he mortgages. The reserve fund is a shield against general liability. In Denmark small losses and temporary difficulties are met out of the reserve

fund. This general liability of a member (borrower) is not personal and is limited to the property which he has mortgaged to the Union. That this general liability is not a serious factor, from the member's point of view, in a well-managed Credit Union, is shown by the fact that during over 60 years of existence the leading Credit Union in Denmark—with debentures aggregating over 40 crores of Rupees in value,—had never had to draw on it, the reserve fund being always able to cover, till a defaulter's property could be dealt with, and to make up any small losses due to excessive depreciation. The society is between the capitalist and the house-owner. The property, on which a loan is raised from the Credit Union, is much more saleable than when the loan is obtained otherwise. From the last report coming from Denmark, up to March, 1913, it appears that there existed in Denmark 12 such Credit Societies—Unions whose outstanding debentures aggregate 143 crores of Rs. at 4 per cent. Their reserve fund amounts to 5 crores and 94 lakhs; so, you see it is a very big business. Such are the main outlines of the scheme, which I have endeavoured to put before you; I hope I have made it clear. I know there is a large number of house-owners, who were consulted and who want to have this scheme passed. It requires the support of the Government and a special Act passed. At present we must discuss this subject with the people in Bombay and others. Our scheme is to assist the existing house-owners in getting their present encumbrances on to a safer and more economical basis, and also to help the financing of the erection of new houses. A very important factor is the nature and amount of existing mortgages on house property in Bombay. Those advanced by Marwaris are always for one year only at a time, others run for from 2 to 3 years. Their renewal is not always such an easy matter. Many originally given for one year are allowed to run on, when the mortgagee may, at any moment, come down on the owner and get a decree for the original sum *plus* the annual interest, if unpaid, so that there is anything but security for the mortgagor. Perhaps, I might suggest a resolution to this Conference to this effect:—

“That this Conference approves of the principles of a co-operative credit Union, and would respectfully urge upon Government the desirability of granting necessary facilities to enable such a Union to be started in Bombay (Cheers).”

Rao Saheb S. S. Talmaki recommended that in certain cases the rate of interest should be fixed at 6 %.

The Registrar understood from Prof. Muller that the rate of interest payable on mortgages in Bombay was between 6 and 12 %, an average of 9%, and that these Unions, if started, would provide money at an average rate of 5½%. In the world of credit nothing was got for nothing. He therefore asked by what magic the borrowing rate was reduced from 9 to 5½%. The paper made it clear. Firstly, there was joint liability up to the whole value of the property mortgaged. Next mortgaged property was to be subject to distraint without recourse to courts of law. Thirdly, the Union, that was the members, undertook all the risks of default, fire, fraud, &c., and paid the working expenses. Fourthly, they subscribed 2% to the reserve fund from which losses were to be met. Fifthly, they only got 60% of the value of the property mortgaged. These seemed to him severe conditions and he doubted if they would be acceptable.

Rao Bahadur Rodda said:—The idea is a new one, but if it has succeeded in Denmark, it must succeed here, once its benefits are appreciated. Before we undertake the practical working of such a scheme, I think, it would be necessary that those, for whose benefit it is intended, should be apprised of its beneficent character. I think the house-owners of Bombay will be prepared to support these Unions. They are not an illiterate lot of persons like the peasants; they are educated and intelligent. If they once see that the conditions of these Unions are not prohibitive, I am sure, they will try the experiment. You must consider what the general effect of this scheme will be upon the solution of the general problem of housing the middle-classes and the poorer classes in Bombay.

Sir Vithalas D. Thackersey thought that the scheme had in it the elements of a joint-stock company which could issue debentures on properties held by share-holders. He seriously doubted if debentures at 5 % would be taken up by the public.

Mr. Jadhavrao considered that the scheme was a practical one, and ought to be taken into consideration. Its success in Denmark proved the possibility of its success in India. There was much valuable property in Bombay and much mortgaging. The problem was therefore a real one.

Prof. Muller replied to *Mr. Ewbank's* objections and urged that he had exaggerated his case. In the Union the borrowers were all members and every thing was done for the benefit of the members. The Union could not therefore be run as a joint-stock company. The scheme had been proved in Denmark and was suited to the conditions of Bombay.

The President said:—Gentlemen, a proposal is made by *Prof. Muller* that this Conference approves of the principle of the Co-operative Credit Unions and that it respectfully urges on Government the desirability of granting necessary facilities to enable such Unions to be started in Bombay. *Prof. Muller* explains the details of the scheme of the Unions in his printed paper. He has also explained those details in his speech; you know what the principle of the scheme is, and it is for the Conference to say whether they approve of it. If the Conference does approve of it and if it also makes a representation to Government, its opinion will receive from Government a sympathetic consideration (Cheers). I take it that the Conference unanimously accept the principle. The proposition is carried unanimously.

Resolved that this Conference approves of the principle of a Co-operative Credit Union and would respectfully urge upon Government the desirability of granting the necessary facilities to enable such a Union to be started in Bombay.

The Registrar proposed that select Committees should be appointed to consider Agenda VI to XI and read out the names of the Committees proposed and informed the Conference where and when they would meet.

The President adjourned the Conference until 11-0 a.m. on the morning of the 27th.

A group photograph was taken before the President and the members of the Conference dispersed.

Second day, Thursday, 27th August 1914.

The Hon'ble Mr. Pattani presided and opened the proceedings by calling on the Chairman of the Select Committee appointed to consider *Mr. Devdhar's* paper to introduce his Committee's report.

VI. Debt Redemption among Urban Labouring Classes.

(Appendix IV.)

The Hon'ble Mr. Lallubhai Samaldas said:—*Mr. Chairman* and gentlemen, I am presenting to the Conference the report of the Select Committee, appointed to consider the question of the debt redemption among the Urban labouring classes in Bombay and other towns where a large number of factories exist.

The report is as follows:—

Present :

Lallubhai Samaldas, Chairman.	G. K. Deodhar.
Canon Rivington.	S. V. Karandikar.
S. V. Yatgeri.	G. H. Desai.
N. S. Kowshik.	N. S. Chitguppi.
A. B. Thakar.	P. G. Halkatti.
Antoldas Hargowandas.	

The Committee have fully discussed the various points mentioned in Mr. Devdhar's very interesting paper, and have also seen some of the figures from the statistics which he has laboriously compiled, and they appreciate and approve of the principles underlying the work done by Mr. Devdhar and his colleagues in starting societies for the redemption of the debt of urban labourers. The Committee are of opinion that the rate of interest charged at present from the members of the Meghaval and other societies is justified on the ground that out of the balance, after paying the interest of nine per cent. to the depositors, six per cent. is set aside for the purpose of building up a large reserve.

They are of opinion that if the scope of the work is to be increased, it is essential that it should be conducted on sound co-operative lines; and further, that to ensure the movement carried on on such lines, it is necessary to have a paid efficient staff to train the members of the Managing Committees of the existing societies in their duties, to inspect their work and audit their accounts, and to clear the ground for the starting of other similar societies.

The Committee are of opinion that the societies cannot find the whole amount to be spent on such inspection and educational work, but that they are prepared to find at least one-third of the sum. They therefore think that with the view of giving encouragement to the special efforts, Government may be asked to give a subvention to the Bombay Debt Redemption Committee for a period of three years, equal to the amount subscribed by the individual members and the societies, for the purpose.

According to Mr. Devdhar's estimates the Debt Redemption Committee will still have to find about one-third of the total expenses.

The Committee submits the following resolution for the acceptance of the Conference: "That this Conference approves of the lines of work mentioned in Mr. Devdhar's paper and recommend Government to grant to the Bombay Debt Redemption Committee for a period of three years a sum not exceeding Rs. 500 per annum, equal in amount to that subscribed by the individual members and the societies for the purpose of properly carrying on the educational and inspection work in these societies as well as societies to be started hereafter."

Gentlemen, that the work carried on by Mr. Devdhar is a really good and useful work, can be easily seen if you refer to paragraph 49 of Mr. Ewbank's report. With your permission I will read a single sentence in that paragraph (Reads).— Now, gentlemen, you will know that the chief principles underlying co-operation are that the members of the Society should depend on themselves, when they are tied by debentures. They have to buy debentures each for Rs. 10 by the monthly instalment of 8 annas; that shows that they have faith in the institution. They can also get capital from outside. According to Mr. Devdhar's calculations the Meghawal Society had Rs. 1,000 in the reserve fund at the end of last year; when a society can build up a large reserve fund, it may not have to depend on outside assistance at all. All the conditions, necessary for the starting of these societies, are being fulfilled. Now the question is 'are we going to stop starting new societies or are we not?' I believe you will agree with me that this class of work must go on; we cannot stop there. But we must remember that in order to do that we must be able to carry on the societies' work on sound co-operative and business lines. We must have trained men to manage the affairs of the societies. We must have regular inspection and we must have a little guidance here and there. Then we must have efficient men to do the work of the societies and those men would have to be paid. The societies are willing to contribute $\frac{1}{3}$ rd out of their funds towards the expenses, provided they get at least $\frac{1}{3}$ rd from outside, that is from men who are in sympathy with the movement and are prepared to assist the organizations in their management. Having secured all this help we may safely approach Government for the remaining $\frac{1}{3}$ rd. Personally, I am against having to apply to Government for any help of this kind in this matter unless there is an absolute necessity. Whatever funds we require we must get from the societies themselves and from the well-wishers of the Co-operative Credit movement. Therefore, we recommend to Government to give us the amount

equal to that subscribed by the societies' members. Then, we have said that the maximum should not be more than Rs. 500. If more money is spent, Mr. Devdhar and his colleagues must find that money from the friends of the co-operative system. Then we say that we do not want this money for ever. Within 3 years the idea of this movement will spread not only throughout the City of Bombay, but I hope, throughout the other large towns and then this money will not be required, because then we will have trained workers, who would be prepared to work honorarily or for a slight remuneration. With these remarks I beg to commend this resolution for your acceptance.

Mr. G. K. Chitale (Ahmednagar) said:—You say Rs. 500 for Bombay City Societies?

The Hon'ble Mr. Lallubhai Samaldas said:—Yes, for Bombay and other factory towns (reads the report further). In the Committee we discussed this question. It will be noticed that in Mr. Devdhar's paper no mention is made of other presidencies, but we have said "Bombay and other factory towns." We are not referring to Bombay only.

Mr. G. K. Chitale (Ahmednagar) said:—As far as I know Government has not been making any large grants to any co-operative societies other than those working under less favourable conditions. In Bombay no doubt reliable men can always be obtained, but it is about the outside or mofussil towns that I feel some doubt where you will find the public spirit of the people, as all the rest of the virtues, is at a very low ebb. Under these circumstances, unless the subvention for the Bombay people is also available to the mofussil towns, I will oppose the resolution tooth and nail. In Bombay the people are rich in wealth and also in public spirit. There is a society of this kind at Satara, and why should that society not have the subvention? What about my own group of societies at Ahmednagar? I am quite sure that Government will also do well to recognise the scheme. But the mofussil towns should not be ignored. I am dealing here not with my society alone. If the resolution is to go in the name of the Conference, it is fair and reasonable to expect that it should be so modified that the subvention, given to one society will be available to another in a similarly situated condition. Hence, I beg to oppose the resolution as it is framed and to press for a modification including the mofussil.

The Registrar said:—When the Government loans were discontinued to the co-operative societies, a resolution was passed, either in this Conference or in the Conference of Registrars at Simla, that in future the Government help should take the form of supervision instead of direct loans to societies. The grant that is asked for the committee in Bombay is to be devoted to the purpose of engaging Inspectors; it is not a subvention to any particular co-operative society but to a supervising Committee. It is going to be given to the Bombay Committee whose sole business will be to supervise the groups of small societies in Bombay. The reason why these societies are brought under the scheme rather than the excellent societies at Nagar and Satara, which Mr. Chitale refers to, are that this group of societies here are going to contribute the amount of Rs. 500 a year. If Mr. Chitale's group of societies at Ahmednagar will subscribe Rs. 500 a year for their own supervision, I think that Government would be too glad to consider favourably any proposals coming from them similar to those made by Mr. Devdhar.

Mr. Chitale said:—I say of similarly situated societies. I do not mean societies at Nagar and Satara.

The Hon'ble Mr. Lallubhai Samaldas said:—Mr. Chitale suggests an amendment, but he approves generally of the suggestions of the Committee. He says that the principle of the grant of subvention should be extended to different towns, if they are willing to start societies on conditions and lines similar to those on which the societies are started in Bombay, that is, if they are prepared to pay $\frac{1}{3}$ rd themselves, raise $\frac{1}{3}$ from outside and request Government to grant them the remaining $\frac{1}{3}$ rd. Although I have no time to consult the members of my Committee, I am prepared to accept this amendment as a rider to my proposition.

The Chairman said :—Gentlemen, the resolution recommended for the acceptance of the Conference includes the rider proposed by Mr. Chitale. In the absence of the Hon'ble Chairman, Sir Richard Lamb, who is also the Financial Member of Government, it will not be possible for me to make any definite promise, but I can assure you that if this resolution is accepted by you, Government will give it their very sympathetic consideration. Mr. Chitale's rider will also be acceptable to Government if a case is made out for help for Unions started on the lines of those started in Bombay. Mr. Devdhar's paper has been the result of deep consideration; it is not based on theory; it has been deduced from conclusions arrived at from practical work done in Bombay. Therefore, it is hoped that the resolution, proposed by the Committee, will be acceptable to the Conference, and I think, Government will consider it very sympathetically.

Resolved that this Conference approves of the lines of work mentioned in Mr. Devdhar's paper and recommends Government to grant to any Debt Redemption Committee started in or out of Bombay for a period of 3 years, a sum not exceeding Rs. 500 per annum, equal in amount to that subscribed by the individual members and the societies for the purpose of properly carrying on the educational and inspection work in these societies as well as in societies to be started hereafter, and holds that the principle of granting subventions be also extended to mofussil towns if they are willing to start Debt Redemption Committees on similar lines.

VII. Debt Redemption among Agricultural Classes.

(Appendices V and VI.)

Mr. R. D. Bell, I.C.S., introduced the report of the Select Committee which was as follows :—

Present :

Mr. R. D. Bell, I.C.S., Chairman.	Mr. B. V. Jadhav.
Rao Bahadur K. G. Desai.	Mr. D. M. Kothawala.
Rao Saheb P. N. Pandit.	Mr. Ramnikrai N. Mehta.
Mr. S. N. Keshavain.	Mr. J. P. Lakhia.
Mr. G. V. Joglekar.	Mr. L. S. Dwivedi.
Rao Bahadur N. L. Desai.	M. R. R. Divekar.
Mr. Vaikunthrai L. Metha.	Mr. R. B. Badve.
Mr. G. G. Desai.	Mr. D. A. Patil.

The Committee considers that direct financial aid from Government need not be re-introduced for the purpose of assisting Co-operative Credit Societies in the redemption of old debts. It is of opinion that immediate redemption of old debts on a large scale is impracticable and that so far as redemption through Co-operative Societies is concerned, progress must be in accordance with the natural development of the societies. Information about the progress made in the matter of redemption is, however, very desirable, and the Committee suggests that the operations of societies towards redeeming old debts should be carefully watched and the results published regularly. Mr. Tarkunde in his paper has stated that the Central Bank has not yet been able to make an attempt in the way of debt redemption, but the Committee has been supplied by the Manager with information which shows that the Bank is lending annually increasing sums for redemption purposes. This is given merely as an illustration of the need of public information. Without further experience and information the Committee is not prepared to make definite recommendations regarding the procedure which societies should follow. Societies should meantime be left with a free hand to deal with the problem as local circumstances demand.

Gentlemen, the question which we considered was merely how far the Co-operative Credit Societies would assist in reducing rural indebtedness. That is a very large problem, and I am afraid, the Sub-committee has not been in a position to make any positive suggestions. In the first place, Sir, the opinion is very strong that a direct check from Government is not necessary, but the Committee suggests that attention should be paid more directly to the solution of the whole problem. I understand that a few years ago, the Registrar took special interest in this matter in his annual report. In this year's report, at all events, there is nothing but one or two casual references to it. The Committee, therefore, recommends that the operations of the societies, towards the redemption of old debts, should be carefully watched and the results published regularly. The Committee need not suggest what information should be collected, how it should be published and where it should be published. That should be left entirely to the discretion of the authorities. The Committee were told by a good many members of this Conference that there was the danger that, by rushing this matter, a certain amount of encouragement may be given to borrowing. It was mentioned by one or two members of the Committee that societies asking for money for the redemption of the old debt, were sometimes merely seeking to increase facilities for members to incur other debts. Safeguards have been created against this tendency of the members. If the system pushed on hastily, encourages borrowing, it may defeat its own object. The Committee think that the societies should be left a free hand to deal with this problem as a whole (Cheers).

The Hon'ble Mr. Lallubhai Samaldas said:—Sir, I have to say one word in this matter. In the Committee's report it is said that 'Mr. Tarkunde, in his paper, has stated that the Central Bank has not yet been able to make an attempt in the way of debt redemption, but the Committee has been supplied by the Manager with information, which shows that the Bank is lending annually increasing sums for redemption purposes.' With regard to this point, I would give you some figures. In the year 1912-13 the entire advance from the Central Bank was about Rs. 78,000, specially for the purpose of the redemption of old debts to the Rural Societies. In the year 1913-14 the advance was of 1 lakh and 20 thousand rupees for the purpose of the redemption of debt to the Rural Societies. So the remark made by Mr. Tarkunde in his paper is not justifiable.

Mr. S. N. Keshavain said:—I beg to put in a word or two in support of the recommendations of the Sub-Committee on 'Rural Debt Redemption'. The Co-operative movement, which was started in the beginning with the help of money, without any interest for three years, from Government, has made satisfactory progress, and we now find that the movement can progress well with the supervision of the Registrar and his staff but without any financial spoon-feeding from Government. Mr. Tarkunde wants us now to renounce our present policy and seek financial aid from Government for Rural Co-operative Credit Societies. I would certainly oppose such a change of policy. Even in my native district of Kanara, which is one of the most backward districts in this Presidency, societies are progressing well without any financial help from Government. I do not think that Government help alone will make a society a successful society. What is wanted, Sir, is good management, and financial help from local magnates. I would, therefore, very earnestly urge on you, gentlemen, that we should stick to our present policy and try our best to develop the Rural Co-operative Credit movement on the sure and sound basis of local initiative and local capital. With these words, gentlemen, I beg to support the resolution that is now placed before the Conference.

Mr. R. R. Divekar said:—The subject of debt redemption among the agricultural classes has been ably and exhaustively dealt with by Mr. Tarkunde in his paper, but from his remarks that the Bank has not yet been able to make an attempt in the way of debt redemption, it appears that he is unaware of the fact that the Central Bank has been already financing Co-operative Societies for this purpose. This is evident from the figures quoted by the Hon'ble Mr. Lallubhai Samaldas. Those societies, which applied for large loans for the liquidation of old debts and which have shown themselves fit to be

entrusted with such loans by continued good management and enforcing punctuality in the collection of loans from individual members, have been financed to the extent of their actual requirements. The progress, in this connection, must necessarily be slow, since large loans for the wholesale redemption of old debts cannot be granted in the interest of both the Bank and the societies themselves, until and unless the societies have been able to establish their credit and reputation by good management as safe investments. It is admitted on all hands that the credit of a Society depends not so much on large assets and the reserve fund as on good management, punctuality, and character of the members. The several suggestions, except the one concerning the rate of interest, offered by Mr. Tarkunde, for affecting debt redemption, are being already invariably carried into effect in dealing with loan applications. The suggestion as regards the reduction in the rate of interest, contained in Clause C, is intended for the consideration of the Central Bank, and as long as it continues to charge interest onwards at 7 per cent, it would not be possible for societies to lend out at less than $9\frac{1}{2}$ per cent. as they have to meet the working expenses and the interest from the date of the remittance of the loan by the Bank to the actual advance of loans to members and to build up the reserve fund. I would beg to submit for the consideration of the Conference the advisability of allowing those societies, which have been classed as A by the Registrar and have built up a reserve fund over Rs. 5,000, a free hand as to the amount to be advanced. Such a provision in the by-laws would meet really deserving cases. As regards the period of repayment of loans, the instalments are generally fixed in proportion to the net annual income derived from lands and other sources, and a maximum period of 10 years would meet all cases. As the liability of agricultural Societies is unlimited, the Central Bank does not seem to have refused loans up-till-now to any of the deserving societies. In short, unless the working of a new society is closely watched and sufficient experience gained, as regards its good management, stability, character of individual members, and lastly, its fitness to be entrusted with large loans, it would not be a wise policy to take up this important subject of debt redemption on a large scale as soon as a society is started, of course, exception being made to meet urgent cases, such as Civil Court decrees and the like.

Mr. G. K. Chitale said :—We have not yet been able to tackle this problem effectively. This question is at the root of many of the economic evils which the agricultural class is subject to. I have examined the book of Mr. Keatinge (Director of Agriculture, Bombay) and found that from his experience he tells us that agricultural indebtedness, at least, in the Deccan is as great as 50%. Now, the co-operative movement has been going on for the last ten years and, I should think, the time has come when some definite proposals may be placed before the Conference. The problem of agricultural indebtedness is so important that, in my opinion, the time has come for tackling it more boldly than before. Co-operation is now going on for more than 10 years, and surely, time has come when we can make a direct effort. Surely, there are now good societies, which can be trusted to do this work honestly and well, and in the whole of this Presidency there can be found a Taluka, wherein an experiment can be started with some hope of success. Of course, it is difficult to speak on this subject with any degree of exactitude in the absence of any reliable data, and necessarily, the first step must be to obtain these data, so that the question of the necessary ways and means can be profitably discussed afterwards. To give a concrete instance, if necessary, the Gadag Taluka, in Dharwar District, impresses me as one of the Talukas, wherein this step may be taken. There are good many Co-operative Societies in this Taluka, and others could easily be started, if necessity arises for carrying on this excellent work. I do not know how these considerations will strike you, but I am certain that we ought not to fight shy of the problem any more.

Rao Bahadur Khandubhai Desai said :—Mr. Chairman and gentlemen, I think Mr. Chitale has been trying to solve one problem, while the problem that this Conference is considering is another. The problem before the Subcommittee and, therefore, before the Conference was to try to reduce the

indebtedness of all the agriculturists who were members of the different Co-operative Societies already formed. Therefore, I do not think, it is necessary to survey the indebtedness of the one Taluka of Gadag. Really the people who want help are the people who are willing to form themselves into Co-operative Societies. I may say that in the Surat District after the Co-operative Society was formed, almost in the second year we began to work for the reduction of debt of the members of the society. We have appointed Inspectors who go round and try to collect information as to the indebtedness of the members of the society. All this work cannot be done in a day; it cannot be done in a month; it will take years. Last year there was correspondence going on between the District Union and the Central Bank. It is rather difficult and inconvenient that the society should remit money to Bombay, annually, and then have it back again. Money required for annual expenses should be given to the societies through the District Union and the work of the reduction of debt should be performed by the Central Bank. In this way, there would be an advantage to the work both of the Central Bank and the District Union, and both the institutions will work very harmoniously. We are trying to solve this problem very slowly. I think any scheme for the general reduction of debt of a Taluka is not desirable, and, therefore, I consider that the proposition, as now put before the Conference, is a fair one (Cheers.)

Mr. Jadhav (Kolhapur) said :—Mr. President and brother Co-operators, very conflicting views seem to be held by people as to the progress of the work which the Co-operative Societies have been doing. Some say that our pace is too rapid; others say it is too slow; I am at a loss to know which view is correct. I do not think that our pace is too slow; we are going on as we ought to. In my part of the country, I may tell you frankly, they do not require loans for other expenses; they do require them for liquidating old debts. These old debts, they say, are hanging round their necks; that is a hardship; there is doubt about that; but whatever other remedy may be found for removing this evil, recourse to the Co-operative Credit Society is not a proper remedy. These societies should not be prepared to liquidate the agriculturists' old debts. The societies' duty is to inculcate in the agriculturists habits of thrift and honest living. That is their first duty. Although it is desirable to get rid of this incubus of old debt, yet we should be cautious in dealing with it. I am at one with those who say that our pace should not be accelerated and that an experiment of the redemption of old debt of one given Taluka or of a certain place should not be undertaken. I say that the old debt of a particular village should not be redeemed. Freedom of a village from old debt should not be the work of a Co-operative Society; its work is only to take within its fold those who are steady and of good habits. Undesirable people should be left out. It is not profitable or desirable to assist them. We should not ask Government to give help in redeeming the indebtedness of the ryots. We should simply ask Government to supply information. The indebtedness of the 'ryot' is a big item, and I do not think it is desirable to redeem his old debt. We are in the habit of looking for help from Government; we are also accustomed to look to the Central Bank in Bombay for help. But looking at the condition of the Bank you will see that its funds are not enough to give you all the help you require. Its funds will always be limited. As I understand they cannot raise more than 20 lakhs on debentures. The indebtedness of the ryot is the creation of the Bania or the Marwari. These Banias and Marwaris get their capital here; it is not imported. Let them deposit their cash with the Societies. In that way you can gradually redeem the old debts. What is, first of all, necessary for the Co-operative Societies is to raise their credit and confidence among the agricultural classes of the Talukas or Districts in which they exist. We will require 200 years to get rid of the old debts. Therefore, we should not be impatient. We should go on working honestly and thoroughly in the way in which we have been going on, without looking for assistance from Government. Yesterday we had a very good scheme from Prof. Muller, but, I think, that scheme would not do for a large area of rural indebtedness. I wish every success to that scheme when it is being worked in Bombay; when success is achieved in Bombay, we may then adopt it, with certain modifications, in rural towns and districts (Cheers).

Mr. R. D. Bell considered that there was no need to confine the experiments to any Taluka. We know that experiments are going on in some villages, and all we want is to ascertain the results which have been achieved. When these results are available, perhaps, some more definite action can be taken. With these words, I beg to move that this resolution be accepted.

Mr. W. W. Smart, I.C.S., said:—I beg to second *Mr. Bell's* resolution.

The Chairman said:—Gentlemen, the proposition is that the recommendations of the Committee be accepted by the Conference.

Resolved unanimously that the report of the Select Committee should be accepted.

VIII. Co-operative Cattle Insurance.

(Appendix VII.)

Major G. K. Walker presented to the Conference the report of the Select Committee which was as follows:—

Present:

Major Walker, C.I.E., Chairman.	Sardar Rao Bahadur Motilal Chunilal, Broach.
Mr. A. Master, I.C.S., Surat.	Mr. M. N. Dhapre, Maroli.
„ V. S. Jog, Pandharpur.	Hon'ble Mr. B. S. Kamat, Poona.
„ B. B. Vaidya, Barsi.	Rao Saheb Malhar Kulkarni, Divisional Inspector of Agriculture, S.D.
Rao Saheb J. K. Bhatt, Inspector, C.V.D.	Mr. Laxmiram Mahapatram.
Mr. Y. N. Marathe, Inspector, C.V.D.	„ K. S. Gore, Auditor, Co-operative Societies, N.C.D.
„ A. R. Jagadale, Secunderabad.	
„ Y. N. Palshikar, Malegaon.	
„ Raje Ratansinh, Nira Canal.	
„ R. K. Inamati, Annigeri.	

1. The Committee considers that the time has arrived for the adoption of some form of Cattle Insurance. It approves the general scheme described in *Major Walker's* paper, except certain modifications which might be introduced to make it more attractive.

2. The Committee is of opinion that as an alternative proposition a Prudential form of Insurance might be considered.

3. A majority of the Committee were in favour of a fixed instead of an annual valuation of insured cattle.

Mr. Chairman and Gentlemen,

I will deal in the first place with the modifications which were suggested to make the scheme more attractive. The first modification proposed was the reduction of the Tariff which was considered high; but in the end the Committee agreed unanimously that the rate should not be reduced in view of the difficulty of ascertaining at present the necessary statistics regarding the mortality of animals which were expected to be covered by insurance. It seems necessary to point out that a Co-operative Cattle Insurance Society is a mutual society and partakes of a mutual character. The interests of a Society and its members are identical. If the tariff of an Insurance Society can be reduced, by all means let it be done but in starting caution must be exercised. There are considerable risks to be undertaken as I have pointed out in my paper, but I consider that the end justifies the means. The risks must be taken if a scheme of this sort is to be started. Most of the modifications suggested amount to concessions. It was suggested that cows should be included in the provisions of by-law 2. It is not always easy to ascertain the value of cows and it is not advisable to include them ordinarily. Regarding by-law 5 there was a suggestion that the maximum valuation should amount to Rs. 200 and not

Rs. 100. That I believe is a very desirable thing if a Society has attained a good financial position but not otherwise. We should start with a maximum value of Rs. 100. There were one or two minor suggestions in some of the other by-laws which can easily be adopted. I will now read the modification specified in No. 3 of the Committee's recommendations as it is a most important one, "A majority of the Committee were in favour of a fixed instead of an annual valuation of insured Cattle." I was in the minority as I consider that there are serious objections to the suggestion. The main one is that an animal depreciates and appreciates in value from year to year. If it was worth Rs. 80 at four years old and this fixed valuation were accepted it might be worth Rs. 100 in a year's time and later only Rs. 60. In such a case the owner would have no incentive to take care of his animal as he would stand to gain by allowing it to die. If a fixed valuation were adopted it would be a serious temptation to allow insured cattle to die before they attained the age of 12 years when they had depreciated in value and could no longer be insured. The Hon'ble Mr. Kamat will no doubt give his arguments in favour of a fixed valuation. The proposal that a Prudential form of Cattle Insurance would be more attractive is Mr. Master's, and he will doubtless explain it as he had studied the question. It is stated in the second recommendation of the Committee as follows :—"The Committee is of opinion that as an alternative proposition a Prudential form of Insurance might be considered." I must confess that I have not considered it myself. It is no doubt true that during the time an animal may be insured, *i.e.*, between 4 and 12 years old a considerable sum is paid, but there is the advantage of knowing that if it should die in that time $\frac{2}{3}$ of the valuation would be received and the peace of mind that results is worth a good deal. A Cattle Insurance Society is not meant to enable an owner to save money to buy animals to replace worn out ones. It is meant to cover risks from calamities and not from natural causes.

Mr. A. Master, I.C.S. (Surat) said :—Mr. Chairman and Gentlemen, Major Walker has referred to the recommendation made by the Committee for a Prudential of Insurance for cattle. I will give the reasons for this proposition. In the first place, Major Walker has acknowledged that the present scheme of Cattle Insurance is not very attractive. The system of annual valuation for insurance as provided for by by-law 15 was considered by the Committee to be troublesome and discouraging to the would-be insurer. The next point concerns the gradual decrease in the valuation which will operate to the disadvantage of the regular insurer. The disadvantage is this. If a man insures a bullock every year from the age of four to twelve, he may, if the value of the bullock remains steady for the whole period, have paid 40 per cent. of the value by the twelfth year. If the bullock dies that year, he will get $66\frac{2}{3}$ per cent. of its value. If it does not die before then, he loses the 40 per cent. he has paid.

On the other hand, if the value of the bullock decreases, as it is bound to do, he may pay the whole insured value, and lose it all, if his bullock survives beyond the twelfth year. It is true that the early death of a bullock will be insured against, but is the protection worth the money paid for it? The man who is careless, though not to the point of discernible negligence, will score over the more careful man and be compensated from *his* contributions.

There is another point. Only the death of a bullock entitles an owner to the benefit. But accident or disease may render a bullock unfit for work. As a rule in this country, animals are not killed and a man would thus get no benefit from his insurance and would have to maintain or abandon his useless animal.

In para. 15 of Major Walker's paper it is said that if liquidation resulted from exceptional mortality in the early days of a Society, the funds could be distributed *pro rata*. But such a liquidation will work very unevenly. Those who have the misfortune to lose cattle in an epidemic may get, say $\frac{1}{10}$ of their value, while their luckier friends have obtained the full quota in the previous year or quarter. Re-insurance would remove this difficulty, but it will be a long time before this can be arranged.

In view of these difficulties a simple form of Prudential Insurance is suggested, so that the insurer can get the insured value of his animal, when it dies or is incapacitated for work. Premia can be raised up to 10 per cent. or more because the insurer will eventually recover all the money paid in premia.

I now proceed to give a rough outline of the scheme:—

- (1) Insurance to be of draught cattle.
- (2) Insurance to be for a period of 10-12 years.
- (3) Insured value to be $\frac{2}{3}$ of actual value and payable not only in case of death, but also of incapacity to work proved to the satisfaction of the Society.

The argument that it is inadvisable to allow insurance of the full value of an animal holds good for this scheme, as well as for that of Major Walker.

(4) Annual premia to be paid and to be from 10 per cent. to $8\frac{1}{2}$ per cent. of the insured value. They will be payable throughout the whole period of insurance, whether an indemnity has been claimed or not. The payment of premia will cease at the end of the period, but no indemnity will be due till the animal insured is adjudged useless by the Society.

(5) Cattle only to be insured between the ages of 4 and 6 as a rule, but if an owner wishes to insure an animal after that age he may be allowed to do so on the payment of a proportionately higher premium. The working life of an animal will be assumed to be 16 years.

(6) An entrance fee of one per cent. of the insured value of each head of cattle to be charged. The expenses of management will be paid from the accumulated entrance fees and the interest of premia.

(7) The balance to form the reserve.

(8) In case of liquidation those who have received indemnities to continue to pay their premia to the liquidator.

(9) The model by-laws of the paper before the Conference to apply in respect to the constitution of the Society and the measures to prevent fraud and carelessness of owners.

A difficulty that may be raised is whether the receiver of an indemnity will not become slack in the payment of his remaining premia. There is no reason, why he should. A village sowcar is always able to get instalments on his debts and it will be to the interest of the Society as a whole to see that payment is duly made of debts to itself.

Mr. G. F. Keatinge, Director of Agriculture (Poona), said :—Mr. President and gentlemen, I venture to think that in considering Mr. Master's Prudential Scheme of Cattle Insurance, we were rather going beyond the original paper submitted by Major Walker. The Sub-Committee that was appointed to consider the desirability of Major Walker's scheme, has put forward another scheme. That is a scheme which we have not previously seen in writing and the merits of which the Conference has had no opportunity of judging. It is very difficult to follow a detailed argument supported by figures, which is now brought before us for the first time. I, therefore, venture to suggest that Mr. Master will put the scheme before the next Conference and it can then be conveniently considered in detail by a Sub-Committee (Applause).

The Hon'ble Mr. B. S. Kamat said:—Mr. President and gentlemen, Major Walker has referred to the difference of opinion that existed in the Sub-Committee yesterday. I shall try briefly to explain on what points the difference of opinion lay.

It was considered by a majority of the Sub-Committee that cows should be admitted to insurance. Cows are much valued by their owners and many persons would prefer to insure their cows rather than their draught cattle.

It will be just as easy to value a cow as a bullock or a buffalo. It is for these reasons that the Sub-Committee passed a resolution to include cows.

Some of us also thought that model by-law 4 (d) should be removed. It would be hard on a man, whose bullock has been killed by a third party, to forego his right of insurance and to be compelled to resort to expensive litigation in order to recover the value of the bullock. In my opinion, it should be the duty of the Society to take the necessary steps. It may also be very difficult to find out who is legally liable to pay compensation and a Society might dispute every doubtful case.

I also think that annual valuation will not be acceptable to the cultivator. It will cause much trouble and annoyance. The simplest and best method would be to have a valuation once for all, when the animal is first insured. This fixed valuation would be more widely appreciated.

Major Walker in reply said :—With regard to Mr. Kamat's suggestion that a scale might be prescribed for the valuation of cattle. I think that it would be a difficult matter. A scheme of this kind might look well on paper but I doubt if it is practicable. Animals depreciate and appreciate in value in such a way that it would be almost impossible to fix a scale. In human insurance it is possible, as men do not depreciate in value at least in so far as their insurance value is concerned. A man pays his premium and usually tries to live as long as possible. I do not agree with the Hon'ble Mr. Kamat that it is as easy to value a cow as a draught animal. The value of a cow depends upon her milking capacity and it is not certain that she will give a calf regularly. Buffalo cows are included because they are sometimes used for draught purposes.

The Chairman said :—Gentlemen, the paper read by Major Walker has given us very useful information. He has not been carried away by enthusiasm to submit a new scheme; he has taken great care to write his paper. The Committee has not made any definite recommendations but those which are on the lines that Major Walker has proposed. Therefore, if any Co-operative Society is started for cattle-insurance, it would have to think out on what conditions it would be ready to take up the work. The proposal to-day is for the general acceptance of the principles set forth by Major Walker. With regard to Mr. Master's scheme, a suggestion is made by Mr. Keatinge that the best time to consider it would be when Mr. Master is good enough to lay it before the Conference next year in writing.

Rao Saheb Naik said :—With regard to Major Walker's scheme, I think, no recommendation is necessary on paragraph 3. The matter should be left to the option of individual Societies.

The Chairman said :—Paragraph 3 refers merely to a question of details. I think it would be advisable to omit paragraph 3. Now, is it the opinion of the Conference that paragraph 1 only should be taken as passed? I declare it carried.

IX. Yarn Supply and Warping Improvement.

(Appendix VIII.)

Sir Vithaldas D. Thackersey presented the report of the Select Committee which ran as follows:—

Present :

Sir Vithaldas Thackersey, Kt., Chairman.	Mr. G. N. Desai, Dhulia.
Rao Saheb Ambashankar U. Malji, Millowner, Broach.	„ S. V. Wagh, Sholapur.
Mr. W. T. Pomfret.	Rao Saheb Pitre, Sholapur.
„ D. C. Churchill, Ahmednagar.	Mr. L. V. Tikekar, Sholapur.
Rao Saheb R. G. Naik, Belgaum.	„ D. N. Deshamukh, Pathardi.
	„ S. V. Hatvalne, Mahalkari, Pathardi.

Mr. Mahipatrao Adhikari, Baroda.	Mr. Manvantrai Desai, Panch Mahals.
„ V. M. Herlekar, Dharwar.	„ R. M. Sane, Barsi.
„ Baswanappa, Dharwar.	„ R. L. Udyavar, Auditor, Co-operative Societies, S.C.D.
„ S. V. Telang, Poona.	

We, the members of the above Committee, beg to report that we have carefully gone through Mr. Pomfret's paper, and make the following recommendations :—

1. That machines for improved method of warping be introduced in some of the existing weaving societies. In order to facilitate this Government should undertake to teach at their schools the workmen sent from such Societies on the improved warping machines, and to employ efficient teachers for this purpose. The said teachers should in their spare time go round and see if the work done at the Societies' centres by the trained men is efficiently done. The Societies be requested to report the result of this experiment after six months' working.

2. That weavers in all Districts should be encouraged to form Co-operative Societies in their respective Districts, in order to get full advantage of economically purchasing their yarn and selling their production most profitably. If a large number of such societies are formed, it may then be possible to buy their requirements wholesale from central markets at lowest possible rates.

Gentlemen, Mr. Pomfret has been good enough to give us a great many details in this paper, and it is not necessary for me to go into them on this occasion. Suffice it to say, that as much support is given in the paper as it is possible to give to economical production and to hand-weaving industry. Mr. Pomfret refers to the introduction of the fly-shuttle, for which Government has been doing so much. He has pointed out that warping machines of the latest type have been introduced in Madras with great success. I understand that such a machine is also in one of the Government Weaving Schools at Hubli.

Mr. Pomfret points out that in order to get the machine to work successfully, you must have trained men; that is his opinion as an expert. We must send our workmen to Government schools to be trained as experts. After 6 months' trial if we get a favourable report of the machine in one Society, then the other Weaving Societies should introduce the same machines. It is impossible for individuals to buy the machines; they must be bought by the general funds of Co-operative Societies. Societies dealing in yarn should also get such machines profitably employed. We must try to encourage as many warping societies as possible. It would be very advantageous if these Societies combined to open agencies in Bombay to buy raw material; that would be a great saving to the hand-weavers. I do not think I need detain you long. I shall formally propose that the recommendations of the Committee be adopted.

Rao Saheb Malji said that the great difficulty was to get trained men. There was no doubt about the advantages of the new motions recommended, but until they were competently demonstrated and popularised in Weaving Schools, and elsewhere, progress would not be expected.

The Registrar enquired whether warping machines suitable for country yarn as well as English yarn were obtainable.

Sir V. Thackersey replied that Mr. Pomfret informed him that there were such machines.

The Report of the Select Committee was unanimously adopted.

X. Co-operative Dairy Farming.

(Appendix IX.)

Mr. W. W. Smart presented the report of the Select Committee which ran as follows:—

Present :

Mr. W. W. Smart, I.C.S., Chairman.	Mr. Bhimbhai Morarji, Divl. Insptr. of Agriculture, N.D.
Dr. Harold H. Mann, Agricultural College.	Mr. Sane, Inspector, C.V.D., Poona.
Mr. V. H. Gonehalli, Asst. Regr., Co-operative Societies.	Mr. Gordhandas Keshavlal, Honorary Organiser, Anand.
Rao Saheb G. K. Kelkar, Dy. Dir. of Agriculture.	Mr. G.K. Chitale, Honorary Organiser, Ahmednagar.
Mr. B. K. Kurtkoti, Mamlatdar, Gokak.	Rao Saheb S. J. Deshmukh, Almel.
Mr. K. R. Valvekar, Hubli.	Hon'ble Rao Bahadur S. K. Rodda, H.O., Dharwar.
Rao Saheb Shivmurti Swami, Gokak.	Mr. K. B. Bhadrapur, Auditor, Co-operative Societies, S.D.
Mr. M. R. Upalekar, Baramati.	Professor O. V. Muller, M.A., Bombay.
Baba Saheb Patwardhan of Tasgaon.	
Raje Shambhusing of Malegaon.	

1. The Committee considers that suitable localities for starting Co-operative Dairy Societies should be found out by the Agricultural Department, and the suitability of each locality for production of milk and marketing of milk and milk products should be reported on separately.

2. The Committee recommends that in order to encourage Co-operative Dairy Societies, Government be moved to extend the existing system of loans to Weavers and Seed Societies to Dairy Societies.

The Committee is of opinion that the aid given by Municipalities should take the form of the provision of sanitary accommodation and supervision.

3. The Committee is of opinion that where whole milk is to be sold, it is necessary that milking should be conducted under the supervision of the Society, but where the milk is to be used for the manufacture of butter, such a provision is not necessary.

4. The Committee considers that the joint purchase of food-stuffs would be most valuable in the case of Societies of gowlis.

5. Local Boards should be asked to purchase and hand over specially selected bulls to societies, which should contribute part of the purchase-price and be responsible for their maintenance.

6. The by-laws attached to Mr. Gonehalli's paper must be considered merely as a model and must be adapted to local conditions.

Sir, in their recommendation, the committee have recorded the opinion of Mr. Gonehalli with certain modifications, which they thought necessary. The Committee recommend that distinct types should be recognised—one for the production of milk and the other for the marketing of milk and milk products. It was pointed out by some members of the Committee that the Deccan conditions do not apply to the Gujarat. The Committee, therefore, framed that first recommendation as follows:—"The Committee considers that suitable localities for starting Co-operative Dairy Societies should be found by the Agricultural Department, and the suitability of each locality for production of milk and marketing of milk and milk products should be reported on separately." The Committee's second recommendation is that Municipalities, being in a position, under the Land Acquisition Act, to acquire land, should

therefore give to the Dairy Societies suitable lands on nominal rents. With regard to the Dairy Societies, the Municipalities should also impose on themselves the duty of providing for sanitary accommodation and supervision. The Municipalities should ensure proper and sanitary measures in the handling of milk before it is supplied to the public. This recommendation is the second part of the resolution. The third recommendation is as follows:—"That where whole milk is to be sold, it is necessary that milking should be conducted under the supervision of the Society, but where the milk is to be used for the manufacture of butter, such a provision is not necessary." I understand that in Gujarat people would have insuperable objections to bringing their cattle to any central milking depot for milking. In the case of butter there is not the same objection, because it is extremely difficult, if not impossible, to adulterate cream. If you adulterate cream, in any way, it can be discovered in the manufacture of butter. The Committee, therefore, have framed this resolution with the third recommendation which I have just mentioned. As to the fourth recommendation, it was considered that one of the greatest obstacles to the economical production of milk is the small quantity of bulls now produced in this country. It was considered that the use of good milking bulls would increase, in a short time, the average production of animals. Good milking bulls are not cheap to buy and would be beyond the resources of individual gowlis, and of Societies. Therefore, the Committee, in their 5th recommendation, say that "the Local Boards should be asked to purchase and hand over specially-selected bulls to Societies, which would contribute part of the purchase-price and be responsible for their maintenance." If the Local Boards find that the Societies neglect the maintenance of the bulls, they have the power to take the bulls back. The sixth recommendation of the Committee is as follows:—"The by-laws attached to Mr. Gonehalli's paper must be considered merely as a model, and must be adopted to local conditions." We came to the conclusion that many of the provisions of the by-laws would be applicable to certain Societies, say, in the Konkan, but would be inapplicable to Societies in Gujarat. We, therefore, merely record our opinion that these by-laws can be regarded only as a model, and require considerable adaptation to different local circumstances.

Rao Saheb P. N. Pandit said:—I beg to support the recommendations made by the Committee and Mr. Smart, our former Director of Agriculture. The production of milk, and especially of good milk, is a thing, which, I submit, is very important. I know many cultivators, in my native District of Kanara, whose economic condition and agricultural industry will be immensely benefited if Mr. Gonehalli's scheme of keeping 3 buffaloes by each rayat is taken up by the people of my District. I am glad to announce that the people of Karwar, in my District, have already proposed to start a Co-operative Dairy for themselves. I see no other way of improving the milk supply of Karwar or any other town, except by organizing Co-operative Dairy Societies. The rayats, who will join a Co-operative Dairy Society, will require more money for purchasing animals. In the by-laws for Dairy Societies, which Mr. Gonehalli has drafted, a provision has been made for enabling rich non-cultivators also to purchase shares in the Societies. What rich people, like the gentlemen assembled here, have to do, is to buy a large number of shares of those Societies and thus help them financially. It seems to me that the main issue in connection with the development of the Dairy Industry is a financial issue. We should collect more and more capital; we should advance loans to cultivators and help them to purchase animals; we should help them also to produce uncontaminated milk. Moreover, we should also organize the sale of milk on business lines. With these words, gentlemen, I venture to support the recommendations made on the most important question of co-operative dairying, which has been brought before this Conference.

Major Walker said:—Mr. Chairman and gentlemen, I should like to say a few words about the last sentence in paragraph 3 of the recommendations of the Sub-Committee and to enter my protest against what is stated in that sentence. The sentence runs thus:—"Where the milk is to be used for the manufacture of butter, such a provision is not necessary." I am not prepared to admit that it would not be necessary to supervise the milking of animals where the cream is

to be separated. I think that that is a mistaken policy and might lead one to suppose that that is not desirable. We all know that milk is susceptible to adulteration not only with water but with other impurities, which are quite abominable. I have seen cream being carried to Ahmedabad from Districts, and I do not think that the carrying is done in the most desirable way. That is the reason why I think that this last sentence would be better taken out altogether.

Mr. W. W. Smart said:—As far as I am aware the milk sent to separators is not adulterated. It is true that the rooms in which the separation of the cream is carried on are insanitary and the condition of cans, in which cream is kept, should be looked to.

Major Walker said:—The impurities will continue in milk from the udder of the cow. By competent supervision the udder can be washed; that is what I aim at. I should like to say that milking should be conducted under competent supervision. That is the principle.

Mr. Smart said:—I would rather propose that the word 'essential' should be substituted for the word 'necessary.' If supervision of milking, which is performed by women in Gujarat, is insisted on, no Societies could be formed there. The principle which Major Walker refers to is desirable but cannot be followed in practice in Gujarat. Proper supervision of separating and transporting cream is better than nothing.

The Chairman said:—The Committee's recommendations, gentlemen, are described in six short paragraphs. I will refer to them one by one. Paragraph 1 deals with the duty of the Agricultural Department to give the necessary help by selecting places where such Societies should be started. I understand that Mr. Keatinge would be only too glad to give as much help as is possible to give. Paragraph 2 deals with the usual request that Government should finance the Societies. I do not know what is the nature of the assistance to be given to such Societies. Some assistance is really given to the weavers. I am not quite sure of the conditions on which it is given. Nothing can be promised at present on this head until Societies are formed and a request is formulated. Though much can be expected from Government, it is not possible, at present, to give out any general promise. As usual, if a case is made out, I am quite sure that the Financial Department will give their very best consideration. The 2nd part of para. 2 deals with the help which is expected from Municipalities. We have no statutory power to impose that duty upon the Municipalities. But the Municipalities that have employed Health Officers, are doing their best with regard to sanitary measures in their Districts. Such Municipalities will be only too glad to render the Societies such help as may be invited. With regard to paragraph 3, there has been some difference of opinion. As Mr. Smart said, the word 'essential' may take the place of the word 'necessary.' Then, paragraph 4 only expresses the pious opinion as to what Government should do. I think we should leave it to the societies themselves to do the needful. Paragraph 5 again recommends monetary help from Local Boards. Here, again, we can only express the hope that Local Boards will be only too glad to help the Societies. Paragraph 6 refers to Mr. Ganehalli's scheme as a model scheme. With these observations, gentlemen, I put the recommendations of the Committee before you for your acceptance, and I hope you will pass them (Cheers).

I declare the resolutions carried.

XI. Co-operative Fodder Storage.

(Appendix X.)

Mr. G. F. Keatinge presented the report of his Select Committee which was as follows:—

Present :

Mr. G. F. Keatinge, C.I.E., I.C.S., Chairman.	Mr. V. K. Kogekar.
The Chief of Ichalkaranji.	„ G. A. Hiramath.
The Hon'ble Rao Saheb V. S. Naik.	„ P. C. Patil.
Rao Bahadur Bhangakar.	Khan Bahadur Bahmanji Edalji Modi.
Rao Bahadur Ichharam Bhagvan- das.	Mr. G. G. Padhye.
Mr. R. P. Bengiri.	„ Gopalrao L. Mirikar.
„ R. V. Padbidri.	Rao Saheb S. S. Talmaki.
„ V. G. Chirmule, H. O., Satara.	Mr. Mahadev Shivaji Kulkarni.
„ P. D. Maniar.	Mahabagavat of Kurtkoti.
„ Chimanlal Harderam.	

We have considered the papers submitted by Mr. S. M. Bharucha, and are of opinion that we cannot put forward detailed rules for the conduct of a Society for the Co-operative Storage of Fodder, but we approve of the following general principles:—

- (1) that it is desirable to encourage the storage of fodder against a year of scarcity in tracts of precarious rainfall, which are from Forest Reserves, and where a surplus of fodder is available in good years;
- (2) that the effort may be made in the direction of encouraging the formation of communal stacks or by forming a Fodder Society on co-operative lines;
- (3) that in forming a Fodder Society the primary object should be to store fodder over a complete rainy season, so as to provide against a failure of rain during that season;
- (4) that the Society should aim at creating and maintaining storage of fodder up to a definite quantity, and that no fodder should be issued in ordinary years till that quantity of fodder is in hand;
- (5) that whenever a year of famine or partial famine occurs, the whole or part of the fodder in store may be issued to members, according to the decision of the Committee;
- (6) that at such times no man can claim to receive more fodder than he has deposited, less wastage;
- (7) that the Committee determine the maximum deposit of fodder that one man may make.
- (8) that when the quantity of fodder aimed at is in store the Committee should have authority to deal with any surplus fodder that may be deposited, either by selling it when rates are high or by advancing it on profitable terms, always giving preference to members;
- (9) that capital and current charges may be incurred in the erection of sheds, in the handling, stacking, thatching, fencing and guarding of the fodder. These charges, except in so far as they can be provided for by the means suggested in the last paragraph, must be met by entrance fees paid in cash, or by annual *pro rata* levies in the form of cash, labour or fodder;

(10) that Co-operative Fodder Storage is a suitable effort for a Credit Society to take up as an additional work, or for a special Fodder Storage Society to take up as a single work.

Mr. Chairman and gentlemen, in presenting to you the report of the Sub-Committee on "Co-operative Fodder Storage," I may mention that we went through the paper of Mr. Bharucha at some length. The first three pages of his note consists in emphasising the necessity of storing fodder against famines. In Committee we discussed the questions connected with the formation of Co-operative Fodder Societies. In this connection Mr. Bharucha has not told us what general principles should govern the formation and conduct of the business of Fodder Societies. We have, therefore, put forward a few general principles. We consider that the primary object of a Fodder Society should be to store against a famine, and we consider it necessary that Fodder Storage should be undertaken only in cases where famine or scarcity usually happens. Otherwise you may have good years and while waiting for famine, the Society would be ruined; it would be ruined by a long succession of good years, especially when prices are very low. According to the rules drafted by Mr. Bharucha, he expects that prices would rise in hot weather and that Societies will be able to sell a lot of fodder. This should be the secondary business of the Societies. To store in good years for the use of the members in the years of famine should be the main object of the Societies. With regard to the deposit of fodder, you cannot expect to receive more fodder than you deposit. If you deposit fodder when it is cheap, you will receive it back in the year of famine, when it is short and scarce. That is all that you can expect to get. The case of the deposit of money is different. There you get interest, because the money is lent out. In the case of fodder you have fodder stacks in which the fodder does not increase. Instead of receiving any additional amount, you must, in fact, be prepared to receive less. You will receive your deposit less wastage, which may be considerable. It would depend on the amount of care and skill which are employed in the storage of fodder. Some wastage must be expected. There is another point. If you look at the general principle No. 8, it says this:—"To appoint a Secretary and also Rakhavaldars to watch the kadbi stored at night, if necessary, and to fix their pay, and to meet the expenditure incidental to storage." We do not expect that the Committee will require a very large sum for this work. It is quite possible that it will be necessary to get rid of certain stock. It seems desirable that each Society should put up sheds of galvanised iron, for which money will have to be raised somehow; in any case, for current expenditure, money will have to be raised every year for stacking and thatching and guarding the stacks. We have recommended that this money must be raised by the *pro rata* levy, in certain cases, of cash, and in others of fodder. We leave it as open as possible for every Society to consider how it can best raise its money. In some cases it would be necessary to levy it every year, so that new thatching or new stacking may be put on or damaged thatching repaired.

Mr. Adhikari said:—Mr. President and gentlemen, so far as storage goes, I think the proposals of the writer of the paper and the recommendations of the Sub-Committee are all right. But, I think, the great and all important question of fodder supply cannot be solved unless we go deep to the root of it. Storage comes after production. It is, I think, within everybody's knowledge that year after year the area under grass is reducing. In former times, every cultivator used to reserve a part of his holding as a grazing land or for grass. That system is disappearing. I shall not here try to trace causes, which have led to such a change. But the fact is that if one travels through the cotton-producing tracts in Gujarat, one will scarcely see any cultivation except that of cotton, which is exported and brings in cash money to the farmers. One will not find cultivation even for food stuffs. For their own use they have to buy these. It is no wonder then that cultivators have altogether lost sight of their agricultural wealth in their lust for cash money. In years of plentiful rains, I have seen cultivators feeding their cattle on leaves of trees. There is a large percentage of farmers, who are hardly able to maintain a pair of bullocks in good years. They generally keep one bullock. My humble suggestion, therefore, is that we should adopt such measures as will enable cultivators to

reserve areas for fodder in their villages and produce increased quantity of fodder. To achieve their object, I think we should try to start Fodder Reserve Societies on co-operative principles.

Mr. Keatinge said:—As regards the increase of fodder, the Committee recommend that it is desirable. But there was no question of increasing the fodder in the paper before us; we had to consider the question of the storage of fodder. We do suggest that the Co-operative Storage Societies may be beneficial, where there is a surplus in good years.

Mr. Adhikari said:—Where there is a surplus of fodder, people always store it.

Mr. Keatinge said:—In some cases they burn it.

Mr. Adhikari said:—They do not throw away surplus fodder.

Mr Keatinge said:—I think in some cases they do. I have seen fodder being burnt, because they wanted the ground to be used for sowing a new crop. A great deal of the paper turns on incendiarism. In discussing the idea of a Co-operative Society, we should try to avoid such matter.

The Chairman said:—Gentlemen, Mr. Bharucha's paper was referred to a Committee including District Officers of considerable experience, and the Committee was presided over by the Director of Agriculture, whose interest in agriculture is very well known. I will, therefore, put the whole recommendation before you for your acceptance.

I declare the recommendations of the Committee carried.

The Conference adjourned at 1-45 p.m.

XII. A flying Visit to a few Co-operative Societies in Ireland.

(Appendix XI.)

The Conference re-assembled at 2-45 p. m., with the Hon. Sir Richard Lamb in the chair.

Shrimant Baba Saheb Narayanrao Ghorpade, Chief of Inchalkaranji, said:—Sir Richard Lamb and gentlemen, my intention in reading this paper was to give you my experiences on a brief visit. I would like to say something of the interesting work I saw in Ireland. In European countries the Co-operative Societies are started by the people themselves. At first Government did not well receive the idea, but ultimately they were forced to recognise and to foster it. There, it is the people who do everything; in India it is the Government that does everything. If there is no rain, you will look to Government for help. You will never combine yourselves to do things yourselves. There are so many things in which we are accustomed to look to Government for help, that it is very difficult for the co-operative movement to take root here. Although the co-operative spirit has become popular, it has not yet made any headway. As a concrete instance of the co-operative spirit subsisting in Europe, I may just refer to the political enthusiasm shown by people in the north of England. In France the complaint of the people is that Government help does not foster the co-operative spirit; that it comes in the way of people that foster that spirit among themselves. I had a talk with a friend of mine in France in this matter, and he said "instead of our Government encouraging us, it is always a stumbling block in the development of the spirit of co-operation." Co-operative spirit is seen in foreign countries in the management of farms for rearing pigs and producing eggs. These are profitable investments. In foreign countries you can make advances to people for buying bullocks and improving farms. In some places advances are made for performing marriages. For that purpose people always take care to have some of their own funds. These funds are collected by means of planting trees, whose yield, after 10 or 20 years, would give them a handsome return. In Ireland it is the schoolmaster through whose agency the

system of co-operation is working satisfactorily. There is another advantage in having schoolmasters as agents, because they can create love for the movement in the village. The schoolmaster has great influence over boys, and it is the boys that are an important factor in the organization of the co-operative system. I do not see why we should not utilize the same agency here. Before concluding my remarks, I hope you will allow me, Sir, to make a few observations on the question to which you alluded in your opening speech. I am referring to the necessity which has prevented His Excellency the Governor from being present here. Although we are sorry to miss the address which we would have received from his hands, that deficiency has been made good by the remarks which we heard from the lips of Sir Richard Lamb. We miss His Excellency's words of advice, but, at the same time, we fully recognise the importance of the situation which must have kept His Excellency from coming here. I think I am bound to say that all of us are proud that it has fallen to the lot of our Government to assist in maintaining the cause of justice, by sending Indian troops from these shores—they will be going from this Presidency either from the port of Karachi or the port of Bombay—it has fallen to the lot of all of us to give the Indian troops a hearty send-off and to watch their career when they go to the seat of War. Sir, on behalf of myself and my brother co-operators, I assure you, who are representing Government here, that we shall try to allay the panic, as far as it lies in our power. Of course, there are ups and downs in a war, but I think the righteousness of our cause will produce great results. We hope that the war would be soon terminated and that it will redound to the credit of the Indian Empire, which is interested in the tremendous fight that is now going on. With these words, I beg to resume my seat (Cheers).

Rao Saheb Naik said:—On the long paper of Baba' Saheb Narayanrao, I think, no comments are necessary. At the end of his speech to-day he has made reference to the schoolmasters in Ireland being able to put forward co-operative movements in that country. I wish, therefore, to say, before this Conference, what part our schoolmasters play in connection with the movement, especially in my District, Belgaum. There we have got a small Co-operative Society, conducted by a Brahmin Kulkarni, who is its Secretary. Last year when I visited the village, where the Society is situated, in my professional capacity, and held a meeting for the purpose of teaching people the idea of co-operation. I was told, to my surprise, that some schoolboys in the school there had already a Society of their own for the purpose of purchasing pencils, slates and other things. A rupee was collected from each of the honorary members of the Society—who were all pupils in the school—and they had thus gathered together Rs. 200, with which they purchased pencils, slates, &c., from Belgaum and sold them in the village at a very cheap rate, and thus within 2 or 3 months made a profit. I brought this fact to the knowledge of the Registrar, Mr. Ewbank, who was pleased to hear it. Now altogether 70 tiny shops are managed by schoolboys and they are making profits. This shows what our schoolmasters can do, what they are actually doing, in putting forward the idea of co-operation in India (Cheers). This idea has also been taken up by schoolmasters throughout the Presidency—at Bombay, Ahmedabad, Panch Mahals and other places. I have arranged to send them copies of the by-laws of the Belgaum School Co-operative Society. Although these Societies cannot receive official recognition, our worthy Registrar will, I hope, encourage them, so that when they get some status, they will become a living factor in the co-operative movement in the Presidency.

Prof. Muller said:—I am glad to propose that the Chief of Ichalkaranji's paper be recorded. M. P.'s often visit this country and write articles and notes of a pessimistic character about it. Here we have our local M.P. who has been round Ireland and has made much better use of his visit by seeing many things—seeing what the people there are doing and learning what would be useful for him to carry home. His is a noble example, which should be followed by some of the M. P.s who come here (Cheers).

Rao Saheb Pandit said:—Gentlemen, Shrimant Narayanrao, the Chief of Ichalkaranji, has given us his experiences. He visited some Societies in

Ireland in order to render a service to this part of the country. He has elaborately written his paper and, therefore, I beg to heartily second the proposal of Prof. Muller to record his paper with thanks. Gentlemen, in addition to the remarks made by Rao Saheb Naik about schoolmasters, I have also to say that even priests of this country, and especially, the Missionaries are co-operating with us in this matter. The Rev. Canon Rivington is a noteworthy example of this.

Shrimant Narayanrao said:—I have referred to priests in my paper. I said this:—"Thus it will be seen that the schoolmaster and the priest are great factors in the promotion of co-operation."

Rao Saheb Pandit said:—Our priests are doing, in their own unselfish way, what they can to render service to others who do not belong to their faith. There is an Indian gentleman of the priestly class, Shri Mahabhagvat who was here this morning, who has also been doing his best to infuse the idea of co-operation among the people.

Mr. Ewbank said:—Sir, in his interesting paper the Chief of Ichalkaranji has touched one important point on page 2, to which I would like to call your attention. He says:—"In fact it is the usual practice in Ireland that the transactions between the Society and the members are treated as confidential and are not known to anybody except the borrower, his sureties, and the members of the committee that advanced him the money, and wish that it were the same in India. We on the other hand believe in publicity." I should like to know whether any one thinks that full publicity in all transactions is a disadvantage?

The Chairman said:—Is publicity a disadvantageous characteristic of the co-operative credit movement? I should be glad to hear gentlemen's opinions on this point.

Rao Saheb Naik said:—I have not found that people ever grudge to give publicity to their taking loans from Societies. I have found people making applications to Societies and taking loans in public in Committee meetings. As a rule, I find the members of the Co-operative Societies do not wish that their accounts with the Societies should be kept secret. I think in the interest of Societies it is better that as much publicity as possible should be given to the account which each member has with the Society, so that the members will keep an eye on the man who has borrowed money to see whether he utilizes that money for the purpose for which it is borrowed. I think it is fair that as much publicity should be given as possible to the accounts of members with Societies.

Rev. Canon Rivington said:—I think in these Co-operative Societies, we should not make public the amount of money entrusted to us on behalf of the depositors. Any member of the Society has the right, at any time, to attend at the meeting and see the books of the Society. Beyond that, I do not think it is advisable to give publicity to the accounts.

Mr. Ewbank said:—May the member see the depositor's register?

Rev. Canon Rivington said:—He can see any book he likes.

Mr. Bhadrapur opposed keeping any account book confidential and strongly advocated complete publicity.

Rao Bahadur Khandubhai Desai said:—Our experience is that in the matter of the balance of deposits and so on, few people care whether it is known to other people or not. Of course, there are some people who do not like it to be known, but there are others who do not mind it. Members must know what amount is borrowed from the Societies. We do not publish the accounts to the public, but, at the same time, our books are open to anybody, and any of our

members can choose to look into them and read them. The object of this is, first of all, to inspire confidence. I think the man who feels shame to be known as having borrowed money from the Society ought not to incur that debt. Mostly the people who incur debts want to pass as big swells; we do not want to encourage such people at all. Men who have to borrow money under pressure of circumstances, over which they have no control, are really not at all unwilling that their transactions with us should be known. There were, at the beginning, many persons who did not like that they should be made to mortgage and register property before we gave them money; we had to ask them to do that, because, as there was no proper security, we had no alternative. In the case of persons, who did not like to comply, we asked them to bring to us two men possessing property and willing to stand as personal security. In fact personal security is much better than the security of mortgage. In the case of a mortgage, nice points arise and a number of difficulties also arise in realising the money. Our committee makes advances on personal security rather than on mortgage. In certain cases we are willing to give money if there is sufficient property as security, provided we have got money to give. Although our books are open, hardly 5 people have taken the trouble to come to our office and make inspection. Our complaint is that people do not take interest and do not like to know what we are doing. I think the present practice of keeping the books open to the members should be allowed to remain (cheers).

The Chief of Ichalkaranji said :—In Ireland people do not take advantage of the Co-operative Societies, because they do not like their transactions to be known. In Indian villages there is no secrecy; in the Indian village if anything is said in one house it is known to all. It is my experience that if I ask anybody's opinion candidly I get it when it is asked in private, but I do not get it, when it has to be given in public.

The Chairman said :—Gentlemen, the proposition is that this paper by the Chief of Ichalkaranji should be recorded with thanks to the writer. That gentleman seems to have been travelling in Ireland and taking personal interest and seeing for himself how things are working. His observations have been useful and to the point and, whether we agree with them or not, deserve our attention.

XIII. Personal Credit.

(Appendix XII.)

Rao Saheb S. S. Talmaki, Chairman, Shamrao Vithal Co-operative Credit Society, read his paper on "Personal Credit," which was recorded with thanks to the writer, as no gentleman had any remarks to offer on the subject.

XIV. The Relations of Affiliated Societies to Unions and District Banks.

(Appendix XIII.)

Mr. Herlekar introduced his paper with a brief summary of its contents. He gave an account of the progress of the Dharwar Union and the difficulties which it had to overcome. He hoped that the new rules about arbitration would be soon introduced in order to prevent difficulties in recovery.

Mr. Ewbank explained that no considerable objections had been received to the new rules and trusted that Government would issue them shortly.

The Chairman suggested that as this paper covered much the same ground as had been dealt with on the previous day by Sir Vithaldas Thackersey, it should be recorded with thanks. This proposal was adopted.

XV. The Need of a Co-operative Society for Agricultural Live-stock.

(Appendix XIV.)

Rao Saheb Malji said :—After the monsoon working is over, poor agriculturists sell their bullocks for ready cash and they cannot purchase them easily when the next season arrives, for they have to pay a higher price; hence, the necessity of such a Society. I submit this paper in the hope that we may have some discussion on the points I have raised and that we may be enabled to come to some result. The figures possibly need revision, but I hold that the scheme is feasible in itself and will be useful both to the members and to the public who want to hire carts cheaply.

Mr. G. F. Keatinge said :—Sir, I have no doubt that the proposals made by *Rao Saheb Malji* are very interesting ones, but they involve matters, which it is very difficult to carry out successfully. If a Society is to take charge of bullocks, it would require a good deal of skill, technical skill. Otherwise, if the Society employs anybody without experience, then there will be a financial loss. No doubt the idea is very laudable, but personally I doubt if it could be carried to success, because several items of expenditure are omitted in the estimate, and because the difficulties and risks of management are much greater than has been represented.

Khan Bahadur Modi (Surat) thought it was very difficult for a Society to carry on live-stock business; it was not very easy to manage that sort of thing. Possibly the Society might be carried on but it would probably not work at a profit.

Rao Bahadur Khandubhai Desai said :—I believe co-operation has very little to do with this subject. I do not think we ought to discuss it. The people, who are keen about it, may do it among themselves. As the paper is brought before the Conference, I would object to it. I regard it as unpracticable.

Mr. K. R. Valvekar (Hubli) said :—I think the idea is, no doubt, an excellent one. There are so many Societies interested in agriculture, such as that proposed for fodder, that it would not be proper to put off the excellent idea suggested about this particular Society. It is a pity that it should be put off for consideration to some other time.

Rao Bahadur Rodda said :—Sir, the idea of a Co-operative Society for live-stock is rather injurious to the agriculturists themselves. No agriculturist can till his land unless he has bullocks, and bullocks are required throughout the year; in some seasons they are not required actually in the fields, but still they are required by him, say, for carrying manure from the village to the field. The man who cannot keep a bullock will not be able to work as an agriculturist. Suppose, he hires a bullock for two rupees a day, and if he requires it for four months, then Rs. 240 will go in paying off the hire only. So, he cannot afford to hire the bullock for a long time. Therefore, the very idea of the Society is not acceptable. I think there is no need of such a Society.

Mr. V. H. Gonehalli said :—Sir, it seems to me that the figures given by the writer of the paper require some modification, but at the same time, I am not prepared to agree with *Rao Bahadur Khandubhai Desai*. This is certainly an industry which can be carried on on a co-operative basis. In my opinion this is a fit and proper subject for co-operation, though the figures given by *Rao Saheb Malji* are not satisfactory. There is no doubt that the purchasing of cattle and rearing them by ryots with the object of selling them at a profit later on, is a business quite suitable for co-operation. Some individuals buy young stock, rear them, and sell them at a profit. If some individual ryots do this sort of business, they can certainly do it co-operatively. I am not prepared to vouch for the accuracy of the figures given in his paper by *Rao Saheb Malji*, nor am I ready to state now what form a Co-operative Cattle Rearing Society should be recommended. But, at the same time I cannot agree with *Rao Bahadur Desai* of Surat, who suggests that the subject of *Rao Saheb Malji's* paper is not a subject amenable to co-operative methods. Though it is not possible to approve of *Rao Saheb Malji's* full scheme, it is only right that his

paper should be recorded with thanks, and the subject brought under discussion by Rao Saheb Malji studied in the future (Cheers).

Rao Saheb Malji said:—As pointed out by Mr. Gonehalli, the subject, in my humble opinion, has a bearing on co-operation. It does not aim merely at a joint stock business. I respectfully point out that Rao Bahadur Rodda was inaccurate when he said that the agriculturists have their own bullocks after the monsoon is over. In my District there are people, according to my experience, who do not own bullocks. There are people who purchase bullocks for Rs. 20 or Rs. 25 each. Now what can these bullocks do? You will have to consider that point. Agriculturists own bullocks in partnership, *i.e.*, one man has one bullock and another man has another bullock. There are these initial difficulties in the way of the agriculturists, and hence this suggestion of a society (Cheers).

The Chairman said:—Gentlemen, there is a difference of opinion. Rao Bahadur Desai is not willing to allow the paper even to be recorded. Unless the Conference shows an express and decided opinion that the proposal be rejected, I do not know whether—

Rao Bahadur Desai said:—I withdraw my objection and agree that the paper may be recorded.

The Chairman said:—Gentlemen, without expressing our approval or disapproval, we may merely record the paper. Then the resolution would be that the paper will be recorded.

The resolution was carried accordingly.

XVI. The Co-operative Supply of Agricultural Implements.

(*Appendix XV.*)

Mr. K. B. Bhadrapur said:—Act II of 1912 allows the recognition of societies for agricultural implements, and I have, in this paper tried, in my humble way, to point out how a very humble beginning can be made in this direction. The agriculturists of this country stand in need of implements for land improvements. I suggest that the societies should be allowed to utilize their reserve fund for providing improved implements for the use of cultivators. I may say that some of the very best managed societies can do something in this direction. I think the societies should be allowed to spend $\frac{1}{4}$ th of the reserve fund for the provision of implements to their members. A beginning should be made with certain societies and gradually the principle may be extended to other societies. With this end in view I have submitted my six propositions before the Conference for consideration.

Mr. Chimanlal Harderam said:—Mr. President and gentlemen, I will mention what the Broach Agricultural Association has done in this direction. My experience is that poverty and illiteracy come in the way of agriculturists buying new agricultural implements; and want of knowledge how to work them. In 1913 we started giving help in this direction to the cultivators in the Ankleshwar taluka. There was one C 2 and one handhoe plough. The cultivators did not approve of the C 2. They liked the handhoe very much, and they came in to purchase about a dozen of them. People willingly come forward to buy implements when they know how to use them and after they are put into experience. Any method of popularising improved implements should be welcomed.

Rao Bahadur Khandubhai Desai said:—I have great pleasure in supporting this proposition of Mr. Bhadrapur. I do not think that there can be any objection to the use of a part of the reserve fund. It would be a very good thing. Before starting separate societies for this purpose, let us use those already in existence. Experiments made in a few societies may be communicated to others for information and action to be taken on it. With these remarks, I beg to support the proposition.

Mr. A. Master thought that the sixth proposal in the paper was one which might occasion a good deal of debate, but that on the whole it might be

accepted. He supported Rao Bahadur Desai's proposal that the paper be recorded with thanks to the writer.

The Chief of Ichalkaranji said :—I want to bring to the notice of the Conference the way in which this paper is drawn up. It is clearly worded, definite, and divided into heads and sub-heads. This shows the value of an official training.

Mr. Ewbank thought that there was no particular objection to allowing reserve funds to be used for buying implements provided that they were lent out on hire and were therefore a profitable investment. He recommended that the resolution should be accepted as it stood and that his Department in conjunction with the Director of Agriculture should be asked to take what action seemed possible to give effect to it.

Rao Saheb Malhar Kulkarni, Divisional Inspector of Agriculture, S.D., said :—I propose that whenever a society has got funds to buy implements, its members must be sent to the Government Farms, so that they may see the different implements there. There are certain ploughs which are entirely used for Hariali. When the cultivators see the different ploughs at work in Government Farms, they will be able to manage those ploughs on their own lands. All important implements have been shown successfully by the Agricultural Association of Dharwar. Unless the members of societies attend the Government Farms, and live there for some time, they will not be able to select right ploughs for right purposes. Societies, able to buy implements, must send their members to Government Farms to learn different ploughings at those Farms (Cheers).

Mr. Bhadrapur (in reply) said :—For using these implements members must go to the Government Farms for training. Machinery work may be intricate and for that the ryots may require to be specially trained. Unless our societies work jointly with the Agricultural Department, the members would be working in the wrong way, *i.e.*, without proper knowledge either of implements or of the soils. Therefore, Agricultural Overseers should be placed in different taluka towns, say in 3 or 4 places in a District, where it would be convenient for them to go round and see how the agriculturists are using their implements. I do not think the members of the Managing Committees of the Societies can go to the Farms to supervise the work of the agriculturists.

The Chairman said :—Gentlemen, it seems that the Conference is of opinion that the principle of this proposal be accepted. I do not know whether all the members of the Conference are aware that Mr. Gonehalli, of the Agricultural Department, has been appointed Assistant Registrar of the Co-operative Credit Societies, for the express purpose of investigating and organizing societies for this particular purpose (Cheers). It will be his business to investigate the question of the supply of agricultural implements, and he will advise, in a general way, the Department whether to comply with the suggestions made in Mr. Bhadrapur's proposals. I think we should simply say that we accept the general principle, without moving any proposal. I had better take the sense of the Conference. Those who are in favour of my suggestion will say "aye" (Cheers). I think the suggestion is carried. Now, the next paper is one on Co-operative Education Union by Mr. N. M. Joshi, of the Servants of India Society (Cheers).

XVII. A Co-operative Education Union.

(Appendix XVI.)

Mr. N. M. Joshi said :—Mr. President and gentlemen, I crave your permission to read a short paper expounding a scheme by which facilities for the discussion of co-operative subjects and for the spread of co-operative ideas among the masses be afforded. He then read out the whole of his paper printed as Appendix XVI.

The Hon'ble Mr. Lallubhai Samaldas said:—I suggest to the Conference that Mr. Joshi should postpone the consideration of his paper till next year. I beg to move that Mr. Joshi's paper be recorded with thanks to him and that the consideration of the subject be postponed till next year.

Rao Saheb Naik said:—I beg to support the Hon'ble Mr. Lallubhai's proposal.

Khan Bahadur Modi said:—I beg to further support the proposal of the Hon'ble Mr. Lallubhai. I may mention that the subject brought forward by Mr. Joshi deserves rather a fuller consideration than we can now give. In Surat, there is a Gujarati periodical, published by the Agricultural Association in the Olpad taluka. It contains a series of articles dealing with the principle of Co-operation and the protection and management of Rural Societies. I think that this lecture of Mr. Joshi ought to be circulated as much as possible. I may mention this to the Registrar and ask him to consider whether this paper ought not to be printed in a pamphlet form and circulated among different societies. With these few remarks, I again beg to further support the proposal of the Hon'ble Mr. Lallubhai.

The Chief of Ichalkaranji said:—I am just now engaged in preparing a small book in the vernacular on this subject. My object in mentioning this is that if the Co-operative Societies' Department would kindly assist me in supervising the publication, I shall be prepared to publish this paper of Mr. Joshi in the book gratis (Hear, hear). The Department may also supply me with suggestions.

The Chairman said:—The Conference will be willing to accept the suggestion, made by the Hon. Mr. Lallubhai, which was seconded and supported by Rao Saheb Naik and Khan Bahadur Modi respectively, that the consideration of the paper, which Mr. Joshi has now read before us, be postponed until the next Conference. We have not had the advantage of having the paper before us, nor can we say, after merely hearing suggestions of that kind, how this scheme should be worked. Those who are in favour of Mr. Lallubhai's proposal should say "aye" (Cheers). The next item on the agenda is miscellaneous questions. It is put down for the purpose of enabling members of the Conference, who may wish, to ask the Registrar for any definite information regarding the work of his Department. It is not intended to give rise to a general discussion. If any member wishes to ask such a question, he can do it (Cheers).

No gentleman came forward to ask any question from the Registrar.

XVIII. Closing Proceedings.

The Hon'ble Sir Vithaldas D. Thackersey said:—Gentlemen, now that the business of this Conference is over, on your behalf I beg to propose a hearty vote of thanks to our President for his able conduct in the chair (Cheers.) We have to thank him for presiding at this Conference, patiently hearing all the speeches and discussions that took place here, and giving facilities to all the speakers to ask questions or to discuss the subjects. I think it is a great satisfaction to us that the Senior Member of Government should preside here in the absence of His Excellency the Governor, who has been otherwise engaged in important business. I am quite sure you will carry this proposition with acclamation (Cheers).

The Chief of Ichalkaranji said:—I beg to second this vote of thanks to the President. Those who have experience of presiding at public meetings know exactly how difficult it is to go to a meeting and quietly get through the work in time with tact and without wounding the feelings of the speakers. I believe the Conference will allow me to make a suggestion that we should include in this proposition the name of the Hon'ble Mr. Pattani, who presided at this Conference this morning (Hear, hear.), in the absence of the Hon'ble Sir Richard Lamb (Cheers).

Khan Bahadur Modi said:—I rise to support the motion of vote of thanks for our President. Our worthy President, Sir Richard Lamb, has guided our deliberations and greatly facilitated the business of the Conference. The Hon'ble Mr. Pattani also has taken a great deal of trouble in presiding at this Conference. I would, gentlemen, ask you to include the name of Mr. Ewbank, the Registrar in this proposition.

Sir Richard Lamb said :—(The Chairman's closing remarks)—

Sir Vithaldas and gentlemen, I wish to thank you very much indeed for the vote of thanks you have unanimously passed for me and for my Hon'ble colleague, the Hon'ble Mr. Pattani, who was good enough to preside here this morning, as I was unable to attend. I also should like to join you in your recognition of the work of Mr. Ewbank. It is so well known to you all, that it is not necessary for me to dilate on it. I think that the thanks of the Conference should be expressed to all Co-operators in this Presidency (Cheers). You have got through a long agenda in excellent time, and I hope you will carry out the suggestions put before you at this Conference. The work of the Sub-Committees is lying before you. It consists of a number of recommendations for new organizations. The Committee's suggestions have been most useful ones, particularly with regard to cattle insurance and weavers' business. The Sub-Committee told you that the weavers in all Districts should be encouraged by Co-operative Societies. It is for these organizations to undertake that work with the help of the Registrar. We have also resolved to undertake the work of Co-operative Dairies. You have got splendid work to do in many directions. You are going to take action in the matter of fodder storage. The formation of Fodder Storage Societies is an excellent suggestion. There has also been an excellent suggestion about the formation of unions and so also about the supply of agricultural implements, which was made by Mr. Bhadrapur. In all these branches there is a very great deal of work. I think I am right in saying that all those that have attended this Conference have been convinced that we have had most important discussion on various subjects. I thank all the gentlemen who read their papers before this Conference. I also thank the Sub-Committees for their reports. I referred very briefly yesterday to the present state of War. I again say that it should be recognised throughout the Presidency that it is very desirable that there should be no loss of confidence. There is no doubt that we are engaged in a very difficult affair, but there should be no hesitation in acknowledging our strength and ability to carry the War through (Hear, hear). I shall now take my leave of you in this Conference. I do not think it likely that next year I shall be here. I shall, therefore, not have any further occasion to meet you here, though I hope that in the few months to come I shall have the pleasure of meeting a good many of you individually; but probably your next Conference will take place after I have left. Therefore, as a Conference, I should like to take leave of you all (loud applause).

The Conference was then dissolved.

APPENDIX I.

The Necessity of an Industrial Survey of the Village Industries in India.

As a result of the advancing civilisation of India under the ægis of the British Crown and of the increased activities of the educated Indians to revive old industries, introduce new ones, and increase the material prosperity of the country in general, it is no wonder that the problem of Indian industries should now become one of the burning questions of the day. We all know how Governments of all civilized countries foster and encourage indigenous industries with all their might, and in the same spirit our Indian Government has been doing its best by carrying on surveys of Indian industries in the various Provinces of the country, by drawing up schemes and giving effect to them as suggested by experts to increase the indigenous industries and introduce new ones to meet the growing needs of the people. The frequent inquiries held into the indebtedness of the Indian ryots, the several legislative measures taken to ameliorate the condition of the working classes and promote Indian commerce and industries, such as the Agriculturists' Loans Act, the Deccan Agriculturists' Relief Act, the Indian Companies Act, the Indian Factories Act, &c., all point to the same goal. The passing of the Co-operative Societies Act by Lord Curzon's Government in 1904, and the extension of all principles of co-operation to Co-operative Societies by the passing of Act II of 1912, mark a distinct move in the history of Government's efforts to give all possible assistance to Indian enterprise in indigenous and other industries. The establishment of Technical Schools and Science and Agricultural Colleges in the different Provinces of the country and the opening of a Commercial College recently in Bombay, and the appointment of a Director of Industries in Madras indicate the anxiety of the Indian Government to promote and help Indian art and industries. But with all these efforts a great deal remains to be done. If we desire that India should be as advanced an industrial nation as any other on the face of the earth, we have to study the condition of Indian industries in the past and present and then find out, if there is any necessity of making any persistent efforts to revive the dead industries and renovate the existing industries. The aim of an Industrial Survey is to have a fairly accurate idea of the condition of the various industries in the past and the present, to ascertain how far existing ones are capable of improvement and expansion, to find out how far the decadent ones can be revived, and further to ascertain what new ones can be established, and generally to study the economic side of the industrial history of the country, the methods to be adopted, the localities suitable, the chances of success, the most efficient appliances within the ordinary reach of the people, the capital required, the sources and costs of labour.

The aim of this paper being confined to the necessity of an Industrial Survey of the village industries of India, I propose to divide it into three parts.

1. Industrial India of the past.
2. Industrial India of the present, particularly in relation to village industries showing deterioration and necessitating a survey.
3. How to improve the village industries and which of them require our first consideration.

In the field of industries, our resources have been great and have been almost inexhaustible and incomparable to those of any other countries. Our resources are natural. The country, a continent in itself bounded on three sides by big oceans, replete with resources for sea-industries, with its land measuring 18,02,657 square miles abounding in rich and fertile soil, watered and irrigated by mighty rivers like the Ganges, the Brahmaputra, the Indus, the Krishna, and the Kaveri, with its forests containing an abundant supply of wood materials and forest produce that play an important part in the industrial life of the people of the world, with its mines of gold, diamonds, rubies, iron, coal and what not, is a splendid sample of Nature's gift to the sons of the soil. It would therefore naturally strike an ordinary observer of the progress of the industrial activities in the world that here in India the screw is somewhere loose in the industrial life of our people. That the countries of the West and the distant East, with their limited natural resources, should be the leaders in the progress of the industrial movement in the world, and a country like India should lag behind in the industrial race shows that there is some disorder of a remedial nature in the industrial activities of our people.

Industrial India of the Past.

We are noted as a race of people gifted with skill and intelligence equal to, if not higher than, any other human race. Our civilization began very long before the present progressive countries of the world saw the dawn of civilisation; mining and metallurgy, silk, cotton and woollen-ware, pottery, &c., were known to us in our pre-Puranic times. Nature was critically studied by our ancestors, and the resources of the country were as far as possible fully utilised to promote the comforts and the conveniences of the people according to the necessities and notions of the times. The mention of various jewellery of gold in the Rigveda shows that precious metals and their use were known to our people thousands of years ago. In the Mahabharat at the gambling match at Hastinapur, Yudhishthir is described as losing first a very beautiful pearl, next a bag containing a thousand pieces of gold, next a piece of gold as soft as wax, next a chariot set with jewels and hung all round with golden bells. Our people knew of lotas, bowls, dishes, candlesticks, images of gods, bells, spoons, &c., of brass, many centuries ago. Major Hay discovered a brass lota fifteen hundred years old in 1857 in Kundalah in Kulu. Copper statue of Budha at Sultanganj, now in private hands in Birmingham, is said to be the largest metal work of ancient times, extant in India, and a monument of the early proficiency of the Hindus in melting and casting metal. "The iron pillar at Delhi about 1600 years old," observes Mr. Ferguson, "opens our eyes to the state of affairs of the Hindus at that age, who were capable of forging a bar of iron larger than any that has been forged in Europe up to a late date. After an exposure for 1600 years it is still unruined." Copper

mining and brass making were practised in many parts of India many centuries ago. There are signs of copper mining in Rajputana, Kashmere, Patiala, Kulu, Sikkim and Kumaun in the Himalayas. Old workings in iron mines are still to be found in almost every district of India. Steel of fine quality used to be forged at Devalghat, Nagpur, and many other places. Indian steel furnished the materials out of which Damascus blades, with a world-wide reputation, were made. Beautiful glass bangles used to be made at Rampur, Meerut, Multan, Lahore, Patiala, Panipat, Banda, Lucknow, Kapadwanj and many other places. Glass beads, bottles and looking-glasses were made in Khandesh, Ratnagiri, Mysore, and other places. Our Shilpa Shastra shows that our ancestors knew of architecture, and the too numerous buildings in almost every part of the country are the monuments of the perfection of Indian architecture in ancient times. India is the first of all countries that perfected weaving, and the art of its gold brocades and filmy muslin is even older than the Code of Manu. We have amongst us for thousands of years ivory makers, perfumers, goldsmiths, blacksmiths, carpenters, painters, musical instrument makers, makers of figures, cutters of crystals in layers, and others.

Industrial India of the Present, particularly in relation to Village Industries, showing Deterioration and Necessitating a Survey.

Up to the middle of the 18th century India was noted for all her various industries. She enjoyed a pre-eminent position as a manufacturing country and supplied her goods to many distant lands. Through Indian goods finding entry into Greece, Rome and Egypt, some centuries before the Christian era, India's fame as a manufacturing country and a country rich in gold, diamonds, iron and steel spread in distant lands, whose sons were always in search of an easy passage to India in search of her goods. It was in 1498 A.D. that Vasco-de-Gama first landed in India and returned to Europe with the idea of the country's riches and manufactures. It was since then that the French, the Dutch and the English came to India to establish their trade. It was about this time that the idea of competing with Indian industries germinated in the hearts of European manufacturers who were enterprising but whose resources in their own country were very few.

The Indians on the other hand, divided as they were in their own country by long distances, differences of language and even of religions, knew not of the enterprising spirit and the genius of the Western people, who by exploiting foreign industries were increasing their own and their country's material prosperity.

The Indians were a nation of spiritual people. Those engaged in industrial pursuits were people belonging to particular sects, and others were by custom or injunctions of religions and prejudices not to have any hand in arts and varied industries. Learning was the monopoly of the few. The supply was more than the demand; therefore, competition was unknown. Tools of artisans and implements necessary in industrial pursuits were those that were invented by the ancient people, though supplemented by the improvements gained by experience of long ages. Skill and intelligence though there was among the craftsman, no serious attempts were made to substitute still more efficient and labour-saving appliances in the industrial work. On the contrary, the Europeans by their genius and enterprising spirit, supported by persistent efforts, were making discoveries of improved machinery, and appliances, with a view to compete with other nations, especially at this period with India.

The result was that the Indian industries began to decline. The articles the Indians were producing were imitated by enterprising European nations and began to be put on the Indian market, where they began to be sold at much cheaper rates than the local rates.

The industry primarily affected by this competition was the textile industry, which next to agriculture, was the national industry of the people. Millions of women were eking out their family income by their earnings from spinning. Dyeing, tanning, and working in metals was giving employment to millions. India was supplying as far as possible all her needs. She was exporting to foreign countries her finished articles, which were far in excess of the imports. Manufacture of silk and cotton goods began to decline remarkably about the close of the 18th century. It was about this time that India, which was exporting her goods to the markets of Europe and Asia, began to import them in increasing quantities. The year 1794 began with the import of cotton goods into India only of the value of £156. The figure reached to £19,576 in the year 1800, and within the next decade the figure rose ten times. It was about this time that the development of steam power and mechanical skill in the West, joined with the increased facilities of communication, helped the rapid decadence of native manufactures and trade, and India in her position as a manufacturing country lost her ground. Manufacturing by machinery became so perfect about this time in the West that it became impossible for our artisans and craftsmen to make even their livelihood, and to-day we see that many of our industries are consequently dead or moribund.

Thus India, losing her position as a manufacturing country, remained a country of mere producers of raw materials for the benefit of the manufacturers of other nations. At present our exports show that we export every year more than 75 per cent. of agricultural produce, which gives no employment to local skill and capital while in the imports we do not know how to supply our wants in regard to 70 per cent. of the articles we import from foreign countries. Our exports mainly consist of cotton, jute-fibres, grain, seeds, tobacco, tea, coffee, indigo, hides and skins, horns, dye-stuffs, raw silk, manure, &c. The raw materials that we import are principally metals, among which are iron, steel and copper. The products of foreign skill and capital that we import are cotton goods, silk and woollen apparel, sugar, dyes, oil and sundries.

If we study the figures of our exports during the last century they will show a steady decrease in our export of finished articles and a steady increase in the export of raw materials, whereas the imports will show that foreign piecegoods and manufactures have been steadily putting out of the market our own indigenous manufactures. If we take the figures from 1853 to 1891, we find that cotton goods and yarn imported in 1853 were worth only sixty lakhs, whereas they rose to twenty-five crores in 1891 and are about 40 crores now. Silk and cotton goods imported in 1853 were worth only five lakhs and they rose to 2½ crores in 40 years. Raw jute and grain exported in 1853 were about 4 lakhs each and were respectively 5 crores and 6 crores in 1892. Now the imports of yarn is about 3 crores a year.

From the Roman period up to the end of the 17th century the whole of Europe depended mostly on India for the supply of sugar, whereas we import now more than 7 lakhs of tons every year. The same may be said with regard to the other industries.

All this was due to the fact that when civilization went on advancing in the West it went on declining in India. I have already said that spiritualism in place of materialism has been swaying the hearts of the Indian people from time immemorial. Education of the masses, irrespective of caste and creed as a means of communication of knowledge (literary, industrial or scientific) was unknown to our people. If it was, it was partially confined among the few traditional and hereditary craftsmen. Facilities of communication of industrial knowledge and methods were very few on account of reasons already given. Organization of labour and capital as now known and practised in all civilized countries was almost unknown. Shut out as the people were from any knowledge of any improved methods in their respective trades, they made no advancement or progress throughout their lives, and are still content to continue working on lines that for generations have become obsolete. Universal illiteracy, as, opposed to rapid strides made by European countries in universally educating their people, was another cause of our industrial degeneration. For want of adequate education, our people, even if they have the necessary capital, cannot appreciate the benefits of introducing modern methods to cheapen the cost of production and improve their quality and quantity. When 95 per cent. of the people of the civilized countries of the world can read and write, 95 per cent. in India cannot do so. This is also one of the secrets of the economic degeneration of the industrial classes of our Indian people. The decline of public taste for articles of art and a neglect of art education is another cause. The most beautiful articles in various industries that used to be turned out in former times are no longer produced. The Indian handloom is only being beaten by the power loom, because principally the artistic understanding of the people has degenerated. A national decline in the artistic taste means not only intellectual impoverishment, but commercial disaster. For the exploitation of natural resources, scientific and technical education has to be advanced. The facilities for these have to be created. The want of these was one of the many causes of the decline of Indian industries.

The remarks that I have made with regard to various industries mentioned above and many of the principal causes of their decline will also apply to village industries. We have in India 2,153 towns and 7,20,342 villages, according to the latest census, and the rural population taken as a whole is about ten times the urban population. India is from olden times a country of villages. City India is new. All the industries of the country were carried on formerly through these villages, and they are still so with regard to our main industries. It was these villages that were the manufacturing centres only a few centuries ago; and it is these villages that now export India's raw products to foreign countries to an enormous extent to benefit foreign skill, labour and capital. Now, coming to our Indian village, it was once self-sufficing and itself an economic unit. It was a group of individuals, the majority of whom were and still are, agriculturists, the rest consisting of artisans and craftsmen, useful to the whole village community. The village agriculturist grew all the food necessary for the inhabitants. The ironsmith made the plough and the implements of husbandry for the cultivators. The carpenter made his wood-work and the goldsmith his jewellery. The weaver supplied his clothes, the potter his pottery, the brass and copper-smiths their utensils, and the oilman his oil. In former times the wages consisted in grain; now coins have supplied its place. The demand for the village products was more than the supply, and hence the hereditary artisans and craftsmen of these villages in addition to supplying the village wants, exported cotton, wools, and silken goods and articles of iron, steel, copper and brass and other sundries to foreign markets. Machinery and power driven by steam and electricity were unknown. The wages were low and the people were content with their earnings. There was no migration to towns and cities, which were few. Enterprise and exploitation beyond the village limits were rarely known. The middle-men were few. The resources at their doors were sufficient to feed them and comfort them. The tendency continued from generation to generation, and even to-day, in spite of the heavy decline in our village industries, we see the same tendency almost everywhere. In England more than 75% of the population live in cities and towns. This is due to the commercial activity of the English people, who have gathered together in cities and towns, which consist mostly of mill-labourers and factory operatives, owing to the numberless mills and factories driven by steam and electric power in the large cities of the country. Our industries have been for generations all village and cottage industries, and I am tempted to believe that they will remain so for generations to come.

Without seriously entering into the controversy as to whether industries ought to be carried on, on the factory system, with the help of motive power as in the West, or they should remain village industries as in former times, I think I shall not be wrong if I suggest that our village industries should be improved as far as possible, so as to compete with the foreign manufactures, with the help of modern methods and appliances, and side by side with them we should adopt Western methods of factory and mill system to compete with the foreign industries, and prevent an enormous extent of imports of foreign goods which have been eating into the vitals of our native indigenous industries. No doubt we

hear of a loud cry raised in the countries of the West against the evil results of the working of the factory system on the intellect and physical condition of the people working in them. It is often said that man should not be a slave of the machine. The machine ought to be his slave. Mr. Allen Clarke in his book on the effects of the factory system says: "It is marvellous that any good is still left in the mill hands of Lancashire. They are the slaves of the machines, instead of the machine being the slaves of men." "The system is," he declares, "unhealthy, dangerous, bad for mind and body, injurious in its effects on family lives, unfitting women for motherhood, cursing their children and causing the people to deteriorate." The over-crowded and air-polluted cities in the West are given as the instances of the results of the factory system. In spite of the opinion thus expressed by men of eminent authority and experience in this branch of the business, the question is whether we can avoid such a system. An amount of foreign capital unprecedented in the history of any nation has been already poured into India by foreign manufacturers, who have established factories and mills in almost every trade centre in India. Through these they have been successfully competing with Indian indigenous and other industries. Following in the wake of Europeans, our people also, out of necessity and as a lucrative business, have been adopting the factory system on smaller and larger scales in every part of the country. This has certainly the effect of counteracting the influences of foreign enterprise in favour of native industries. The Government has been giving the fullest help to the people in favour of such enterprises. So long as we have to compete with the foreign manufacturers who, by their improved methods of industries, have been driving our indigenous industries into the background, we should not hesitate for a moment to adopt the factory system. In order to counteract the evil effects of the factory system on the health of the people, Government have already passed the Indian Factories Act, regulating the hours of work, and safe-guarding the sanitary conveniences of the factory premises. Therefore it may safely be suggested that the improvement of our village industries by manual labour with modern and up-to-date appliances, and the introduction of the factory system worked with steam and electric power, may both be advocated as a means to India's salvation in industrial life. With all the attendant dangers, no one in the world will agree to give up railway and steamship services as a means of passenger and goods traffic from one end of the world to the other. In these days when almost every part of the world is known to the other part, and with the discovery of electric and wireless telegraphy the interchange of goods and of thought between man and man is every day on the increase. It is human to try for economy in everything. Economy in labour, economy in cost and economy in time,—we want. If a man can devise means to attain these results time will come when he can also devise means to minimise the dangers due to the new devices. This demonstrates the utility of introducing in our country the latest mechanical devices to improve our industries; but here comes the question of capital, which is greatly in demand in India. Where capital is available or can be organized industrial pursuits on a larger scale can safely be advocated, and in case of industries that cannot be worked on the factory system, owing to the superior skill involved, and in cases where industries can be carried on on small factory system or workshop, the same can be encouraged.

How to Revive our Village Industries and the Methods to be Adopted.

Admitting that we have lost many of our village industries owing to some cause or other, the question is, how to revive, renovate and reorganise our industrial system of the past on foundations strong, secure and solid enough to stand the brunt of the free competition of the modern world so as to admit of normal and necessary development.

The king of industries in India, as already pointed out, is agriculture. When we consider the cultivation of the soil, we find that the area of arable land available for cultivation in India (excluding Burma) is some 4,89,600 square miles, of which about 3,58,400 square miles have already been brought under cultivation. Of recent years, the tendency of the agriculturists has been to sow a much larger proportion of the land for raising non-edible products like cotton, jute, &c. The method of cultivation, the growing indebtedness of the agriculturists, want of elementary education, faulty husbandry, want of care in the selection of seed, have all tended to impoverish the Indian cultivator, and as a result we see many of the hereditary cultivators giving up their professions and gathering in hundreds and thousands into colossal mills of Bombay, Ahmedabad, Calcutta, and other places to drudge in gangs for tempting wages at manufacturing piecegoods, in the production of which they are not intellectually and morally concerned. Agriculture as a science is mostly unknown. Labour organisation and organisation of capital as conducive to the improvement of agricultural products is still unknown to the majority of our agriculturists.

Co-operative marketing as a means to improve the economic condition of the people engaged in the village industries, particularly in the matter of agricultural products, has yet to be taught. If we just compare the average yield per acre in countries where agriculture is scientifically and economically carried on, we find that Indian agriculture is still in its primitive stage. The average yield of wheat per acre in India is 700 lbs. whereas it is 1,700 lbs. in England. The average yield of rice per acre in India is 800 lbs. whereas it is 2,500 lbs. in Bavaria. The average yield of cotton lint in India is 60 to 70 lbs. per acre, whereas it is 200 lbs. in America.

The remedies to be suggested should be imparting of real and practical education in agriculture, which is already being done by the Government's Department of Agriculture in every part of the country; but the results achieved so far do not appear to be quite satisfactory. This is partly due to the want of even elementary education among the agriculturists; secondly, the agricultural education given at the Colleges is not given in the language of the people. Many of the students attending these Colleges are themselves not farmers. The object of the Government

is also frustrated by many of these students after leaving the Colleges seeking employment in Government service, where their knowledge could not be utilized for the desired end. The agricultural demonstration stations and experimental farms have to be increased. Travelling lecturers on agricultural subjects will be of immense service to the people. Their functions should be to educate the farmers in the careful selection of seeds, in the adoption of superior varieties of them suitable to the locality and climate, in the full use of the manure of farm and home cattle, the adoption of more efficient and cheap appliances and due observance of the rotation of crops. All that is required is the stirring up of energy and creating a real desire to improve their occupation. They must also be taught the advisability of themselves engaging in the manufacture of several by-products depending on agriculture wherever possible.

The manufacture of sugar, which once belonged to Indian agriculturists, is now no more their own. If the cultivation of sugarcane on modern methods on an extensive scale is encouraged, the sugar industry may be revived. The cultivation of beet root where possible and the cultivation of the date palm where suitable can be introduced in our villages to establish sugar industry in the country. Factories and refineries for sugar industries may be established in many villages.

Our agriculturists export to foreign countries oil seeds to the extent of many crores every year. If we encourage our people to establish oil-pressing factories in principal villages where oil-seeds are grown in the interior of the country, our agriculturists will be greatly benefited. Wherever capital is wanting the agriculturists may carry on these industries on co-operative lines. If the oil industry is established in the country, our people will be able to expand its connected industries like paints, soap, varnishes and candles.

We export every year considerable quantities of skins, hides, horns, bones, &c., which are all gathered from the villages. If we encourage industries depending on these in the country, the profits will go into the pockets of our people. Bones of animals to the extent of many lakhs are exported every year to foreign countries. The soil of India is found to be deficient in phosphates. If these are utilised as manure we will be supplying a great deficiency.

If efforts are made to increase iron industry in the villages by giving requisite and practical education to our black-smiths, we can prevent many of the implements of husbandry and articles of domestic use from being imported from foreign countries, and thus increase the earnings of our hereditary village craftsmen. If we further encourage the manufacture of tools of husbandry of improved types by the establishment of small factories with oil-engines, &c., we will be able to supply the requisite implements for the improvement of our agriculture at a cheaper cost.

If we similarly give an impetus for the establishment of tile factories and factories for improved earthen pots in many of the villages where there is an abundance of suitable earth, we will be giving employment to many of the potters now working on old methods.

I have already said that the hand-loom industry is next in importance to agriculture in our country. Nearly two-thirds of the skilled artizan population of India are hand-loom weavers, and the value of the annual outturn of hand-loom fabrics is a matter of crores. In India we have many kinds of hand-looms, from a primitive arrangement of a few sticks to the elaborate and ingenious apparatus used for Benares kincobs and textiles of a similar nature. But the ordinary loom is the same as it was 200 years ago, when the Indian hand-loom was a formidable competitor in the European market. The European weaver has now improved his hand-loom 100 per cent. The secret of the success of the English textile industry is the improvement, firstly, of the hand-loom and secondly of the power loom. But fortunately for us, our hand-loom industry in India could not be crushed by foreign competition, chiefly because of the artistic skill involved and the complicated machinery that is required to turn out many of the fabrics of the Indian taste. It is the fly-shuttle that has been playing an important part in the increase of the production of textile manufactures in England. This machine was invented by John Kay, an English weaver in the year 1733. Since this date many important improvements have been effected in this weaving apparatus, and the latest English hand-loom is 5 or 6 times as effective as the old. But this machine, though in use in England for nearly two centuries, has been almost unknown to the majority of our weavers in the different parts of our country. Recently, Government has been spending a good deal in India to popularise the fly-shuttle, and the effects are being crowned with success. In many parts of Bengal, part of the Punjab, and some parts of the Bombay Presidency, the fly-shuttle is being rapidly adopted by the weavers. In parts of Bengal where the fly-shuttle has been adopted, the earnings of weavers have more than doubled. There are no doubt various technical difficulties which prevent the fly-shuttle being used for all classes of weaving, but if experts are engaged to introduce the required mechanical improvements to suit the several classes of weaving, the difficulties might be removed. Mr. Havell, late Principal, Government School of Arts, Calcutta, has estimated that if our weavers adopt improved hand-looms, their earnings would be increased to a sum approximating to two-thirds of the total value of the yearly imports of foreign piece-goods. In England hand-loom factories are being established in places where formerly everything was done by power. If similar methods are adopted by our weavers, many of the causes of their complaints will be removed. It is wrong to believe that the hand-loom industry in Europe has been entirely supplanted by the power loom. The demand for skilled weavers is greater than the supply in India as elsewhere. In France, Switzerland and Italy, a great deal of silk-weaving is done by hand. We are told that in Scandinavia we find the hand-loom in every village.

In my remarks I have casually referred to the adoption of co-operative methods for the improvements of our village industries. The co-operative movement inaugurated in this country by the Government has already achieved real success in all parts of the country. We need not now teach the people the idea of co-operative

credit, which is widely known. The object of the Government is to improve the credit of the village agriculturists and others where Co-operative Credit Societies have been formed, and thus enable them to improve their occupation and free themselves from indebtedness where it exists. If we push forward the other forms of co-operation, namely, co-operative production, co-operative marketing, co-operative distribution, &c., among the village people, I think we will be able to improve many of our village industries.

I have within these few pages given as far as possible a true picture of our Indian industries in the past and the present. The industries referred to by me have been the back-bone of the daily life of our village people. The present condition of our industries requires the careful consideration of the people as well as the Government. Suffice it for me to say that our village agriculturists and other industrial people are not to-day what they were only a few centuries ago. For every necessary of life, excepting the food-stuffs, they have for the most part to depend upon foreign goods. We see now-a-days that the clothes that the villager wears are not woven by his village weaver. The iron tools that he uses have not been made by his black-smith, whose furnace has almost stopped work. The nails, the nuts, the bolts, the padlocks, &c., that he uses in his house, are not the productions of his village nor of his country people. The sugar he eats is not produced in his village. The oil with which he lights his lamp comes from Burma, Russia, or America, and thus practically all his wants are supplied by his distant competitor, with whom he is unable to struggle. It is therefore urgently necessary that a careful survey of the village industries of India should be recommended for the consideration of the Government of India. India is now a partner of the British Empire, a position which secures for her internal peace, justice and settled Government, which are the foundation stones of all commercial prosperity. Let us therefore press on the attention of our benevolent Government, which is ever ready to help us if we mean to help ourselves, to undertake this survey as early as possible, and let us meanwhile earnestly and ardently request our Government to make primary education, which is the fountain head of all progress, as free as possible, to establish technical and industrial schools and colleges fitted with proper workshops and up-to-date laboratories, as widely as possible throughout the country, and to impart to our people all that kind of industrial education as is given in Europe, America and Japan, and to lift us up to the position of a great commercial and industrial people under the Empire. Let us also request the Government to appoint a Director of Industries in every Province in India, who should, after a study of all the available materials, draw up a plan of operations, and should serve as a guide of reference to all who want information.

BELGUM:

Dated 26th July 1914.

R. G. NAIK.

APPENDIX II.

Relations of District Banks to the Bombay Central Co-operative Bank.

The object of this paper is to place before this Conference a definite scheme for the proper supervision of the working of rural co-operative societies and facilitating their securing loans from the Central Bank. The existing system is well known to all the members here. The supervision is confined mainly to the audit of the accounts of rural societies under the Registrar. Loans are granted to them by the Central Bank, on the report of the special Mamlatdars, who also furnish a statement of the assets of the rural societies. The Registrar's approval in each case is taken before any loan is granted. So far as the Central Bank is concerned its funds are quite safe, but we feel that in the interests of healthy co-operation and the future expansion of the co-operative movement on sound lines, much remains to be done. What is needed is an agency situated in the districts to serve as a connecting link between the societies and the Central Bank. It has been generally recognised that the establishment of unions on sound principles can lead to an efficient and continuous supervision of rural societies and augment their credit by enabling them to gain easier access to the general money market.

After these few explanatory remarks on the need for district unions we shall state in detail how far the Central Bank will be willing to assist the establishment of such unions. The following scheme has been framed in consultation with the Registrar:—

1. The union should have a paid-up capital of at least Rs. 5,000.
2. The bank will lend it in the first instance up to a limit of five times its paid-up capital, plus the reserve fund, minus the amount of liabilities already incurred by way of deposits, &c. When actual experience of the working of this arrangement is gained, the question of increasing the limits may be considered.
3. The Board of Directors may require the union to change its inspector, if they consider his work unreliable.
4. The funds thus placed at the disposal of the union are to be used in lending only to co-operative societies classed as A and B by the Registrar.
5. The simple loan bonds passed by the local societies in favour of the union are to be placed with the bank as collateral security in addition to the promissory notes of the union.
6. The loans to be cash credits in force for one year, after which period all the limits may be revised by the bank.
7. Amounts to be drawn only when loans are actually sanctioned by the union to rural societies, and the bank to be at liberty to stop payment on the cash credit account till it has satisfied itself about the disposal of previous drawings.
8. Interest is to be charged usually at 6½ per cent payable on 30th September and 31st March of each year.
9. Seven clear days' notice is to be given to the bank in case a sum of more than Rs. 5,000 is to be drawn.

We hope this Conference will consider the above terms fair. We may mention that the Central Bank has no desire to compete with District Banks and the local sowcars. On the contrary, it wishes to encourage their usefulness so long as the rural societies are able to procure their loans from local people at reasonable rates.

It has been brought to the notice of the Directors that condition No. 2 under which a loan from the Central Bank to the unions is limited to five times the paid-up capital may be relaxed in cases where the unions are sound and efficient, and that the maximum limit be increased to ten times the paid-up capital. We may mention that the limit fixed by condition No. 2 is only tentative, and the Directors will favourably consider the question of increasing the limit if after special inquiry they are satisfied that the rural societies to whom the loans are given by the union and whose bonds are lodged with the Central Bank, have good assets. The establishment of unions in each district where there are a sufficient number of societies will be to the great advantage of all concerned.

(1) Thus the societies affiliated to the union will be properly supervised and the union will be in constant touch with their working.

(2) The rural societies will be able to secure loans without delay from the unions, as it will not be necessary, as in the case of the Central Bank, to make a special enquiry on receiving an application.

(3) The Central Bank will grant cash credits to the unions, so that the unions may draw whenever actually required, as thus there will be no loss to the unions in interest charges by the locking up of capital.

(4) If the unions are a success, as they ought to be, we will be advancing the cause of the co-operative movement by setting up institutions for the proper supervision and working of the societies independent of Government, which is the goal we must have in view.

There is only one difficulty which we anticipate.

According to the arrangement outlined above, the bank will finance the unions to enable them to advance to A and B classes of societies only. But there is a class of societies recently organised but working on right lines which have not earned enough credit to be classed with 1st class societies.

The lot of this class of societies is especially hard. Once a society is started, local financial aid is usually withheld from all its members. Government also refuse the grant of Tagavi to them. Unless, therefore, assistance comes to them freely and opportunely the condition of members of this class will be worse than it was before the formation of the society. We are aware the district banks have helped such societies by loans, but the funds at their disposal are limited. The Central Bank, therefore will, as it has done so far, readily assist this class of societies. It will be agreed that it would be inadvisable to cut them off from the supply of capital, since the bank recognizes that such societies deserve special consideration, if we are to extend true co-operative principles. A working arrangement can also be arrived at under which the Central Bank may allow unions to give loans to such other societies as are not classed as A and B, if such societies are previously approved by the Central Bank.

In conclusion, we sincerely hope that unions will be formed in all districts wherever sufficient number of societies exist, and that ultimately it may be found practicable to finance rural societies through these unions. Such a consummation is devoutly to be wished for, and the Central Bank will do all its power towards its attainment.

VITHALDAS D. THACKERSEY.
LALLUBHAI SAMALADAS.

APPENDIX III.

A PROPOSED CO-OPERATIVE CREDIT UNION FOR BOMBAY.

By Professor O. V. Muller, M.A., I.E.S.

As promised at the Conference of 1912, when on furlough in 1913, I visited Denmark to make an exhaustive study of co-operative dairies. There my attention was drawn to a form of co-operation universally adopted throughout the country and known as a Co-operative Credit Union for raising loans on real estate on equitable terms.

Thinking that we might employ with advantage a similar scheme in Bombay, I made a careful study of the leading credit union, that for the Danish Islands, which includes the house property of Copenhagen, the capital. I was given every possible help by the management, and furnished with copies of all their rules, regulations and orders, confidential and otherwise.

On my return to Bombay I took part in forming the Bombay Co-operative Housing Association, and as a Credit Union seemed to offer the best means for providing us with the sinews of war, cheap capital, I gave a lecture on April 7th last on Co-operative Credit Union, the Hon. Mr. Claude Hill, I.C.S., kindly presiding and adding valuable remarks on the subject.

The substance of that lecture is included in this paper, modified by many later criticisms and suggestions from the Co-operative Housing Association, who discussed the proposal, and also from leading citizens of Bombay.

Co-operative Credit Unions were originally started by Frederick II in Silesia (1769) after the seven years' war, to mend the ravages of that struggle. They gradually spread through Prussia to other countries. These early schemes had several defects, notably that there was no sinking fund. In Silesia the Debenture paid 5 per cent, and at first only the estates of the nobles were involved. The example was followed in Italy and Norway, in Sweden and finally in Denmark. In this latter country they have been gradually developed and perfected since the middle of the 19th century, and have met with extraordinary success. This result has, however, been arrived at after many years of experience and experiments, crystallized and enforced by legislation.

Co-operative Credit Unions are associations of owners of landed property or houses or both, who unite to take up loans. The Union issues to the borrowers Debentures saleable in the open market. The debentures are furnished with coupons for half-yearly payments of interest, and as the sinking fund increases, the debentures are drawn for repayment. The members (only borrowers can be members) are not only responsible to the Union for their individual loans, but are jointly responsible with their whole property—with certain limitation,—for the credit of the Union. They pay interest, sinking fund and management charges—the two latter amounting together to about a $\frac{1}{2}$ per cent.—and contribute, on receiving their loans, once for all, to a reserve fund. The Union pays the debenture holders and thus stands between the borrowers and the capitalists.

The Danish Credit Unions are based on the law of 1850. The most important privileges conferred upon the Unions by this law are, first, that the Debentures, issued by the Union are free of stamp duty, are issued to "Bearer," and can also be transferred by name without stamp—while of course the borrower's mortgage-deed in favour of the Union carries the usual stamp; that the debtor's property can be distrained upon without judgment or other legal process; and finally, that trustees may invest their funds in the Union's Debentures. Moreover, the main provisions of the law lay down that a Union may advance loans on a property up to 60 per cent. of its value, and that all the members are jointly responsible for the Unions' debts to the Debenture-holders to the entire assessed value of a property, if the loan on it is up to the maximum of 60 per cent., and with proportionately less if the loan is less. Finally, the By-laws are to provide that the members, besides interest, pay a suitable annual sinking fund charge, leading to the ultimate extinction of the loan.

In 1861 the formation of further Credit Unions under the law of 1850 was stopped. The main cause was the demand for the institution of "Series" in the Debentures, whereby the general liability of members should be limited to their particular Series. This could not be done under the law of 1850. It practically meant a number of Credit Unions under common management.

The need for these Series was obvious. Each new member (borrower) paid in 2 per cent. of his loan to the Reserve Fund, but in time this fund, which was also the Management Fund, had accumulated so as to represent 3 or 4 per cent. of the outstanding loans, owing to the management not costing the full amount charged for it. A new member (borrower) at once became a sharer in this reserve in proportion to his loan, and thus obtained an unfair advantage, while old members, whose loans were well on the way to being paid off, were now saddled with the joint liability for the new member. When a new Series was started, till its loans had reached a certain figure (equal to about 30 lakhs of rupees), it was tacked on to the previous Series for general liability, while the minimum at which a Series could be closed was equal to about 100 lakhs of rupees.

Under the new law no member could leave the Credit Union by paying back his loan—and obtain a certificate of quittance for his general liability—till the accounts of the preceding year had been passed by Government, or without giving sureties to the amount demanded by Government. This had been necessitated owing to the bigger and more solid owners leaving one of the Credit Unions, when difficulties supervened, frightened by the general liability.

Members cannot escape general liability as such even if they pay up their loans.

Small losses and temporary difficulties are met out of the Reserve Fund. This general liability of a member (borrower) is not personal and is limited to the property which he has mortgaged to the Union. That this general liability is not a serious factor, from the members' point of view, in a well-managed Credit Union, is shown by the fact that during over 60 years of existence the leading Credit Union in Denmark—with Debentures out aggregating over 40 crores of rupees in value—had never had to draw on it. The Reserve Fund always being able to cover, till a defaulter's property could be dealt with, and to make up any small losses due to excessive depreciation.

The Reserve Fund a shield against the "General Liability."

After this a special law became necessary for each new Credit Union, but owing to the institution of Series the necessity for new ones seldom arises.

The activities of a credit Union are, in Denmark, by law confined to a certain circle or division. The circle is divided into districts and in each district the members meet and elect from their number a representative and also appoint a valuer, who must also be a member. When a would-be borrower seeks a loan his property is valued by the local valuer, who is paid by the time the job takes, the borrower bearing the cost. The latter then takes the valuation to the local representative, who reports on it confidentially to the central administration, who decide how much they will lend. Thus the valuers, who work on carefully-prescribed lines, are under double control. Rules forbid more than 60 per cent. in loan. The central administration can go below, and usually do, but may not go above the estimate of valuers.

When his loan is sanctioned the borrower gives a mortgage on his property and receives in return debentures which he can place on the market. He now contributes 2 per cent. of his loan to the Reserve Fund—in a lump or $\frac{1}{2}$ per cent. every 6 months. This contribution to the Reserve Fund belongs to him, and is repaid ultimately as the last instalment of his loan. He pays to the society annually the amount of the interest the bonds bear, plus the sinking fund and management charges,—the two latter amounting together to about a half per cent. But he *always* pays the same sum every year, and so the sinking fund goes faster and faster.

Redemption of the debentures cannot be demanded by the holders at any time as long as the interest is paid, but as the sinking fund accumulates, some debentures are drawn by lot every year and paid off at par. When the Reserve Fund exceeds a certain percentage—usually 5 per cent. of the outstanding loans of the Series—the surplus is used to pay off debentures, and the amount thus paid off is written off the outstandings of the loans, *pro rata*, of all the members of the Series.

Overgrain Reserve Fund used to reduce debt *pro rata*.

In the Union we are considering, the actual charge for sinking fund is 4 per cent, and for management 16 per cent. The Reserve and Management Funds are the same, and all savings on the cost of management go to the Reserve, which is the chief source of its increase.

A society is usually managed by three Directors or Managers chosen by the district representatives for six years, so that one retires every two years. They are salaried, the chairman getting an extra allowance.

There are two auditors (members) chosen by the representatives, and one appointed by the Danish Home Office, who need not be a member.

In 1898 a law sanctioned a Credit Union for small Municipalities and other Local Bodies, whose bonds, guaranteed by the rates of all the members, find a better market and pay a lower rate of interest.

In 1913, exclusive of the last, there existed in Denmark 12 Credit Unions, whose membership amounted to 2,31,794, whose outstanding debentures aggregated 1,72,42,88,684 Kroner, or about 1,43,69,07,236 Rupees, with a Reserve Fund aggregating 5,94,85,755 Rupees (18 Kroner = £ 1 = Rs. 15).

12 Credit Unions with aggregate of 143-69 crores of rupees worth of debentures.

Their operations have been on the whole successful and the management such that the general liability of the members (borrowers) has only been a formal guarantee for the debenture holders, never made use of in practice. The losses have, on the whole been few and small and easily covered by the Reserve, without injuring that fund to any considerable extent. At first the nominal rate was 4 per cent., later 4½ per cent., then 3½ per cent., now again 4 per cent., and in a few cases 4½ per cent. Of course the other charges, management and sinking fund, make the rate about a ½ per cent. more for the borrower. Owing to the safety and solidarity of these Credit Unions their debentures are much sought after, not only by private investors but by Banks, Savings Banks and Insurance Companies. Lately many have been bought up in Holland, Switzerland, still more recently in Germany.

Now in considering this scheme, which has succeeded so well elsewhere, there seems no question but that the city of Bombay offers a great field for its useful adoption. First to assist the existing house-owners in getting their present incumbrances on to a safer and more economical basis and one which leads to the ultimate freeing of their properties. For though there are many rich house-owners there are also in Bombay as the late Dr. Blaney taught me when I served with him on the Bombay Municipality, many poor owners. Poor because they are smothered in mortgages at high rates of interest, and with oft onerous and precarious conditions. Secondly, to help the financing of the erection of new houses.

Conclusions for Bombay,

Here the scheme has a direct bearing on the activities of our new Bombay Co-operative Housing Association.

I might add a third—to assist present house-owners in improving their property. This idea was suggested by the Hon. Mr. Claude, Hill, I.C.S., when presiding over my lecture. I may, perhaps, be permitted to quote his words as reported in that excellent and useful paper *Commerce and Co-operation*.

“Here in Bombay at a time when development schemes were before the public, and when it was hoped that at no distant date a more rigid standard might be exacted in the matter of the housing accommodation actually provided, it was of peculiar interest for Bombay and its citizens to consider the question of furthering the system of co-operation among house-owners.”

“It seemed to him that this was a most desirable thing, especially for the interests of the small house-owners of Bombay, who owned one house or two houses and not more, and who depended entirely for their income very often on the rents of their houses, and if that was so, he could conceive of no wiser step for those house-owners to take than to promote the formation of co-operative credit among themselves, so that if a higher standard of construction and so forth was exacted under the By-laws, they might be in a better position to make a joint effort to meet the requirement than if they were individually left to themselves. So he thought there was no question whatever about the utility of co-operative movement as a means of promoting the interests of the house-owners. Next as regarded the question whether Bombay or the Bombay public was in a position to adapt itself to the co-operative movement at this time there was very little doubt. There was no reason to believe that the conditions obtained in the mofussil for the establishment of co-operative movement were so different from those of Bombay that they need hesitate in expressing a confidence that a co-operative movement in Bombay in relation to house-owners would shortly become firmly established.”

A very important factor is the nature and amount of existing mortgages on house property in Bombay. Those advanced by Marwarrees are always for one year only at a time, others run for from two to three years. Their renewal is not always such an easy matter. Many originally given for one year are allowed to run on, when the mortgagee may at any moment come down on the owner and get a decree for the original sum (*plus* the annual interest, if unpaid), so that there is anything but security for the mortgagor.

The figures for the last three years of registered mortgages are:—

Year	Type	Number	Total amount...	Rs.
1911.	Mortgages with possession ...	36	Total amount...	3,11,424
	“ ordinary ...	795	“ ...	1,60,06,623
	Total ...	831	Total...	1,63,18,047
1912.	“ with possession ...	23	“ ...	94,535
	“ ordinary ...	878	“ ..	1,63,55,709
	Total ...	901	Total...	1,64,50,244
1913.	“ with possession ...	39	“ ...	1,42,580
	“ ordinary ...	866	“ ...	2,27,17,287
	Total ...	905	Total...	2,78,59,867

The great increase in 1913 of over 1 crore 14 lakhs no doubt reflects both the financial disasters of that black year and the unwillingness of the capitalists to put their money into anything less solid than a mortgage on real estate.

The rates of interest charged on these mortgages vary from 6, or more often from 6½, to 12 per cent., and the average rate for the aggregate amount varies from 7½ to 9 per cent. Where a 6 per cent. rate nominally is charged, the solicitor's and other costs usually amount to another ½ per cent.

Now these are very hard and uncertain terms, and in view of the immense sums often available in Bombay, it only needs the organization of a good Credit Union to bring rates and terms down very considerably. There is especially a good opening now that capitalists are so distrustful of banks and ordinary enterprises.

As an example I might mention that now, in July 1914, though the bank rate is at 3 per cent. so great is the glut of capital that short loans on security of Government paper, are being offered at 1½ per cent. below bank rate, i.e., at 1½ per cent.

It is therefore proposed, if possible, to organize a Co-operative Credit Union in Bombay, adapted from the Danish model. When all the many preliminary details have been settled, rules and regulations drafted, &c., a number of leading citizens, together with the Co-operative Housing Association, hope to be able to approach Government with a view to obtaining the necessary powers, which will probably require a special Act.

After much discussion 5 per cent. has been fixed as the best rate for the debentures.

Let us consider in order the advantages of the scheme to the various parties concerned.

1. *To the House-owner or Mortgagor.*—In place of the present loans at high rates for short terms, he can obtain a loan, up to 60 per cent. of the value of the property mortgaged, from a society of which he himself is a member and whose chief object is to help him.

The house-owner's interest in the scheme.

After his property has been valued very carefully according to fixed rules, he executes a mortgage in favour of the Union granting possession without any further legal process—if he

fails to pay his dues the society of course being anxious to avoid this extreme step if possible. He also has to sign a membership bond, under which he becomes jointly responsible for the liabilities of the Union, in addition to his own loan, not personally, but with the whole of his mortgaged property only, if his loan is the full 60 per cent., and with proportionally less if the loan be less. Thus if he only borrow 30 per cent., his general liability will be with half his mortgaged property only. The society now give him Debentures carrying 5 per cent. interest, which he places on the market through a broker or otherwise. As soon as he gets his loan he pays 2 per cent. of the amount into the Reserve Fund of the Union (or he may pay $\frac{1}{2}$ per cent. every 6 months till the 2 per cent. is complete). This contribution remains his property, and is ultimately returned to him as the last instalment of his loan. He pays to the Union annually 5 per cent. for the interest and about another $\frac{1}{2}$ per cent. for sinking fund, a small fraction of this being for cost of management, i.e., about $5\frac{1}{2}$ per cent. But though the amount of his outstanding loan is thus continually reduced, he is still charged the same annual sum, so that the sinking fund goes faster and faster. Every now and then this reduction of debt is increased by a *bonus* from the accumulating reserve funds if, as explained above, that fund amounts to more than 5 per cent. of the outstanding loans.

The mortgage cannot be foreclosed as long as he pays this charge of $5\frac{1}{2}$ per cent., but he can at any time pay off large or small instalments of his loan, which is anyhow, by the operation of the sinking fund, automatically paid off in due course.

Moreover, in countries where Credit Unions operate, it is not considered any slur on your credit to have a loan from a Credit Union on your property.

Undoubtedly the benefits conferred on the house-owner will be of very material value to him.

2. *The Builder of a New House.*—First the land must be secured, either purchased or taken on a long lease from the Improvement Trust. Then when the plans and specifications have been passed, either (a) a contractor must be found to finance the house, while building, or (b) a bank who will advance the necessary instalments on security of the site and portions built or other guarantees. As soon as the house is sufficiently advanced to be insured, the Co-operative Credit Union will take over 60 per cent. of the total value of the house, the certainty that this will be done, will make the operations (a) or (b) much easier to arrange.

3. *The Investing Public.*—At present to lend money on mortgage is a difficult, and by many held to be a not only precarious, but a disreputable business. But in a Co-operative Credit Union the capitalist has no concern with the actual borrower; he deals only with the society. The latter issues 5 per cent. Debentures guaranteed by the Union, and it pays the interest to the holders. The bond-holders cannot demand the redemption of the Debentures, but every year, as the state of the sinking fund permits, some numbers of the Debentures are drawn by lot and paid off at par.

The security for these bonds is the property of the Credit Union, i.e., the mortgages on the properties of its members, backed by the general liability of all these members, as explained above.

If a Co-operative Credit Union was once successfully started in Bombay, it would undoubtedly take on, and its Debentures would soon run to crores, and the security for these Debentures would be roughly all the house property of Bombay.

The bonds would further be to bearer, and would carry no stamp. They are really, in a way, duplicates of the mortgages, which of course carry the usual stamp. They could be registered to name, and when then transferred would require no stamp. These privileges, which are universally granted, are necessary to make the Debentures popular, and above all to enable the Union to start. Finally they must be open to trustees to invest in.

In short, the scheme would offer to the public a 5 per cent. investment, with bearer bonds, secured on mortgage on real estate, without the trouble and risks usual with such undertakings, the Credit Union collecting and paying the interest to the holders.

When once the inherent soundness of the principles have been grasped, there seems no two opinions, but that such an institution would be a boon to Bombay. The initial difficulties, however, are very great, and may prove insurmountable, till the Bombay public have learnt more of this new departure in co-operative mortgages.

Not only would it be necessary to have before starting applications for at least 10 lakhs of loans—the Danish Government insisted on this minimum—but the movement also needs the active support of capitalists, who are convinced of its soundness, and who are willing to take up a number of Debentures at the start (5 per cent. philanthropy!), and so create a market for them. They will no doubt be able at no distant date to pass on freely their 5 per cent. bearer bonds, which should, if all goes well, become as sought after as have the corresponding Danish 4 per cent. bonds, and Bombay has leading men of this stamp, who will help if the scheme goes forward.

ELPHINSTONE COLLEGE:
28th July, 1914.

O. V. MULLER.

APPENDIX IV.

Debt Redemption among the Urban Labouring Classes.

POSITION OF LABOUR.

In the general scheme of industrial organization of our country, the problem of the supply and efficiency of labour occupies an important place. It is a matter of very serious complaint heard now-a-days that the supply of labour is considerably inadequate and that its efficiency is fearfully low. The problem is rather intricate in its nature because of the number of causes that have contributed to make the position of Indian labour what it is to-day. Though the circumstances of agricultural labour apparently vary from those that surround industrial labour yet there is not much essential difference in the conditions that are responsible for its inadequacy and inefficiency. If Indian labour, therefore, is to be made—and it must be made—at once sufficient and efficient, much strenuous work has got to be done to remove its present defects by such remedies as (1) education, (2) technical skill, (3) initiative, (4) better wage, (5) improved social habits and conditions, and (6) organization of credit leading ultimately to self-help, thrift, and prudence. In countries, where serious endeavours have been put forth to eradicate the inherent defects of the position of labour by applying remedies mentioned above, steady improvement has been the result. But in India any very systematic effort has not been made so far in this direction except what little has been achieved by means of Co-operative Credit for the agriculturists. It is, however, encouraging to note that the factory operative and the ordinary working-class man have of late begun to receive greater attention at the hands of those who are responsible for their well-being both on account of the wider awakening of the economic needs of the country and the broader humanitarian tendencies of the present age.

CONDITIONS OF URBAN LABOUR.

2. As the purpose of this paper is to show by means of statistics of over 1,100 people belonging to the labouring classes that a vast majority of the labourers in urban areas suffer from a serious economic malady, *vis.*, *indebtedness*, and that one of the most effective remedies to cure the disease is the organization of their personal credit, it will not be out of place to attempt a brief description of the conditions under which they live. The march of industrialism has steadily encouraged the tendency towards urbanization. Our great commercial and industrial centres have been attracting from country homes thousands of men and women by the prospects of increased wages which their occupation on land is not in a position to yield. When these people congregate in big towns they are not sufficiently cared for and consequently they have to live in surroundings calculated to impair their health and even morals, using the phrase in its broader sense. They have none to guide them in this new situation where they are face to face with a number of difficulties to which they easily succumb; there are temptations of the city-life to which they fall a ready prey; and ignorant as they are, they simply drift in their career without making any the least attempt to check this downward pace. The only redeeming feature of this woeful story is that their incomes are fairly good; but because their old habits pursue them and because they have this sudden change thrust on them for which they are least prepared, they are in a helpless plight. Moreover, when once they begin to borrow through sheer necessity and get often times into the habit of spending recklessly on drink, luxuries, and social ceremonies and are thus caught in the net of the rapacious money-lender, their life becomes engulfed in hopeless darkness; and it is the object of this paper to show that it is just possible to cast a bright ray of hope and cheer in the midst of this gloom; and if well-directed attempts be made, this darkness can surely but steadily be dispelled by means of co-operation.

ORGANISED CREDIT AND ITS CONDITIONS.

3. Last year I read a paper before this Conference on the subject of "Co-operation among the mill-hands" and therein it was pointed out that a partial relief from the miseries to which these mill operatives were subjected, could be sought in the application of the man-making principles of co-operation to their daily life. I say *partial relief*; because, as it would be very unwise, in considering the misery, the poverty, and the indebtedness of the masses and the remedies for their relief, to attribute these to one single cause or a set of causes so it will be equally idle to insist upon one particular measure as the only panacea for all these evils. Speaking, therefore, with special reference to their indebtedness which is the result of a number of causes, the gentle hint given by Sir Frederick Nicholson in his admirable Report on Land and Agricultural Banks is to be carefully borne in mind by all those enthusiastic workers who labour in this field. He says "The eradication not of indebtedness but of undue indebtedness can only be effected by the slow, persistent, and simultaneous action of a diversity of active remedies." Besides, the process is slow; and though, by the organization of the personal credit of these poor wage-earners, which is a "remedy of unbounded potentialities," it is primarily intended to supply cheap capital yet "it is no sufficient remedy; it would probably intensify the difficulty by increasing the load of debt." One thing must be clear and it is this in the words of Sir Frederick: "It is not merely cheap and facile credit that is required; it is a credit which must indeed be cheap, and facile in that it shall be ever at hand but it must be credit which shall only be so obtainable that the act and the effort of obtaining it shall educate discipline, and guide the borrower; it should be only granted to those who have learned to think, to plan, to save; the method of providing it must teach the lessons of self and mutual help, and suggest the extension of those lessons to matters outside of mere credit; it must be safe not merely in eliminating the dangers of usury; but in being controlled, heedful, and productive." Thus, in advocating the formation of Co-operative Societies Sir Frederick Nicholson lays down definite conditions under which alone they can fructify; "Co-operative Societies where the isolated learn the value and powers of association, where the ignorant are taught the lessons of business, the reckless learn heedfulness, thrift, and prudence, the idle and intemperate return to industry and sobriety; where the prudent, the sober, the skilful, the well-to-do unite with the poorer and weaker brethren in an association of mutual help and insensible self-development."

DO THE LABOURERS SATISFY THESE CONDITIONS?

4. After these wise and cautious words of the great authority on Co-operative Credit Banks in India and judged by the standard which he has placed before us it is legitimate to ask whether the mass of the labouring people can satisfy the conditions under which co-operation can thrive; and in my opinion the best answer to this question is afforded by the results of the Co-operative Movement in Europe and in India. If a regular network of countless co-operative associations has very substantially influenced the moral and the material life of the agricultural and industrial masses in the West and if the 12,000 Co-operative Societies in India to-day with their membership of 6,00,000 have justified their existence, it is obvious that poor labourers who are almost similarly situated as the agriculturists would be able to satisfy the qualifications for being co-operatively organized provided they are properly helped and trained, guided and controlled in the beginning. And my own experience of this work in Bombay where seven such societies have been started for these people has deepened my confidence in the potentiality of this remedial measure. Two of these societies exist for the upper strata of the labouring population, and the remaining five belong to the people of the lower strata such as sweepers and scavengers of the Bombay Municipality and the members of the untouchable classes working as employees in Railway and other workshops. The first three successful societies, which gradually settled down as solid crystals of organized work within one year, attracted the attention of other working men who followed their career and as a result of their earnestness four more societies came to be formed only recently. There exists now an intelligent demand for the extension of this work and it may be taken as an index of the qualifications needed in them for the organization of their credit. I shall give the details of this experience later on; it is enough to state here that the experiment has yielded very encouraging results and promises to bring the much needed economic relief to the heavily indebted people in their utter financial prostration.

INVESTIGATION OF 1,100 LABOURING MEN.

5. Last year I made an attempt to collect full information of 100 mill-hands. But as I wanted to pursue the study of the conditions of life and labour of the working classes, I tried, with the help of my friends, to gather more detailed information in a printed form of 45 columns. The Hon'ble Sir Chinubhai Madholal, Bart. of Ahmedabad, sent me information of 110 mill-hands in his Ahmedabad Mill. Mr. Natavarlal Muzumdar, M.A. of Sholapur, with the kind permission of Shet Narottam Morarji, sent information of 86 mill-hands from his mills; and Rao Saheb Ambhankar Mulji of Broach sent the details of his Co-operative Society for mill-hands in his mill and information relating to 45 mill-workers. The Hon'ble Sir Fuzulbhoj Kareembhoj was kind enough to enable us to collect the information of over 100 mill-hands in one of his mills in Bombay. Sir Vithaldas Thackersey allowed us to collect from his Western India Mills details of 254 mill-labourers; Mr. Khimjee Assur Veerjee gave us facilities to collect information of 128 labourers of his mill; Shet Ratanjee Dharamsy enabled us to collect information of 145 mill operatives from Morarjee Mills; besides, details of 53 workers were collected from the Manekjee Petit Mill at Tardeo. Thus, information relating to 921 mill-workers' families was collected in Bombay and outside. In addition to these figures, statistics relating to other labouring classes were collected. 21 members of the Police Staff, who are anxious to have a Co-operative Society for them, have supplied their information. Minute details of the life of nearly 75 Mahar families have been gathered, and information of about 110 Gujarati sweepers has been collected; and lastly 20 sweepers who are Punjabi Sikhs have been censused for the purpose of forming Co-operative Societies. Thus, the total of families the details of whose lives have been systematically collected stands at 1,146. It is difficult to deduce very accurate conclusions on the bases of the information of these dozen widely divergent groups. Moreover, it is not suggested, in giving these figures, that they will afford a sufficient data for the purpose of generalisation for such a vast class of labourers in the country. For in India out of a total population of 31 crores the number of those who do manual labour in various spheres of activity may be roughly put at $6\frac{1}{2}$ crores including the farm servants; and thus their number may be estimated at $\frac{1}{5}$ of the total population. In Bombay alone, in a total population of 9,79,000 there are broadly speaking as many as 4,47,000 labourers of all classes representing nearly 46 per cent. of the population. Factories of all kinds find an employment for over 2,00,000 of people, while in domestic and other services about 1,60,000 are engaged. In collecting therefore, these figures of 1,146 families it was thought that they might give some general idea of the trend of life of these people and it is believed that the following general observations regarding points of special interest for the purpose of organizing their credit will be found very useful.

THE SUMMARY.

6. A large number of people among mill-hands in Bombay who are mostly Marathas hail from the Konkan Districts and a small percentage varying from 20 to 30 come from the Deccan Districts. There are some from Northern India also. The average age of a mill-hand varies between 29 and 32. Though all classes of people such as, middle class Marathas, Kolis, Gaulis, Mahomedans, Mochis, Dheds, and Mahars work in mills in Bombay, yet the number of Marathas preponderates. In Gujarat a large majority of the mill-hands consists of Hindus who mostly come from Gujarat, Kathiawar, and Rajputana. About 25 per cent. are Mahomedans; and a small percentage varying from 5 to 10 of the people of the Depressed Classes is seen there. In Sholapur Mills a number of weavers are seen employed. The average period of stay of those who are now working in Bombay varies between 12 and 19 years and in Gujarat from 11 to 16. As most of the mill-hands do not depend upon the mill-labour owing to their having some lands in their villages, all of them do not bring their families and thus a large number live single and several such people occupy one room. Besides, "bound by strong ties to the land and to the village" they generally go to their native places for one month in a year; but some go once in two years and a few in five years; and now there are nearly 10 per cent. of people who do not go at all; and thus, a small proportion of mill labour may represent what the Indian Factory Labour Commission of 1908 terms the "factory population" "trained from their youth to one particular class of work and dependent upon employment at that work for their

livelihood." Though nearly two-thirds change their service owing to low pay and failure to obtain leave on account of sickness, the remaining one-third stick to one mill. The percentage of literacy among the mill-hands in Bombay has a very wide range. The average in mills where there is a small proportion of mill-hands practically settled in Bombay works out at 15; but others show a higher average. In Gujarat, the Broach mill has the percentage of 36; while in Ahmedabad the percentage is 16 only; whereas in the Sholapur Mills it is as low as 10. Thus it seems that considering the proportion of literacy in rural areas, continued urban life gives a better impetus to literacy. The average number of persons in a mill-hand's family in Bombay is nearly 4 and the same in Gujarat. The monthly income of the principal wage-earner in Bombay Mill in the spinning department varies from Rs. 10 to Rs. 20; the weavers earn between Rs. 11 and Rs. 25; while the jobbers earn from Rs. 30 to Rs. 75; and in other departments, they earn from Rs. 15 to Rs. 25. These incomes are supplemented in many a case by the incomes of other members of the family in Bombay. Thus, roughly speaking the average income of a mill-hand family in Bombay works at Rs. 22 and per head Rs. 5½. In Gujarat the average per family is about Rs. 20 and per member Rs. 5. From the mass of information about wages it is clear that the unskilled labourer gets generally from Rs. 8 to Rs. 12 per month, while the skilled workman earns very easily a much higher wage. The average monthly expenditure of a family of four persons works roughly at Rs. 18. As a rule these people live within their means; but do not save more than an average of Re. 1 per head when their earnings are poor; but when the salary is pretty high there is noticed a tendency to make comparatively large savings; and these as a rule go into the pockets of the money-lenders in part payment of interest on loans borrowed from them. The habit of drink among these classes is not as widespread as it is generally supposed. Nearly 50 per cent. of them seem to be total abstainers; 35 per cent. drink occasionally and the rest are hard-drunkards; so much so that in a few instances, women, who in almost all cases are total abstainers, have to support their husbands by their earnings. As regards indebtedness it may roughly be stated that nearly 80 per cent. of the labourers are indebted. The average of debt per family is about Rs. 125 which is made up of debts incurred in their native places and those that are incurred in Bombay; and the rates of interest generally vary from 25 per cent. to 37½ per cent. on loans taken from the village sowcars to 75 per cent. which is paid to the Marwaries in Bombay. The mill-hands in Bombay invariably have to borrow from Marwaries at a rate of interest which is scarcely less than 75 per cent. or one anna per rupee per month. In Gujarat where the average of indebtedness is slightly low the ordinary rate of interest in villages is 18 to 25 per cent., whereas the Bania's rate of interest in urban areas is nearly the same as the usurious rate charged by the Marwaries in Bombay. The causes that lead the mill-hands to borrow are nearly common all over, such as, maintenance of the family, marriage, sickness, social ceremonies, funeral rites, payment of ancestral or old debts, agricultural needs, litigation, &c.; but they have not so much to pay for securing service as others have to do. Among Bombay mill-hands, slightly over two-thirds possess lands and homes of a small value in their villages. In Gujarat a smaller number owns lands as the agriculturists do not largely go in for mill-labour. In Sholapur Mills about 40 per cent. possess lands and houses. As would be expected nearly all possess silver ornaments of a small value and even a few have some cash. A small percentage of people have their lands mortgaged to their money-lenders; almost all of them are willing to join co-operative associations formed for the purpose of credit, store, and life assurance.

CHRONIC INDEBTEDNESS AS THE RESULT OF USURY.

7. The above generalizations apply mainly to factory workers both in Bombay and outside. The conditions of other labourers differ from those of the mill-operatives in some important respects. The sweepers mostly come from Gujarat and Kathiawar and a few from the Punjab. Their incomes are much higher than those of the unskilled labourers in mills, because they make money by private employment and at night some of them even work in the docks. Comparatively they have a high standard of literacy and their habits are extremely temperate. They are generally very frugal, yet their average indebtedness is much higher, *viz.*, Rs. 250 which in some cases goes up to Rs. 500 because of the conditions of service. They are indebted mostly to Marwaries and to their caste men and sometimes to Bhaiyas and Banias and have to pay interest at various excessive rates, such as 60 per cent., 75 per cent. and 120 per cent. per year. Whereas the Mahars, whose average indebtedness ranges between Rs. 150 and Rs. 200 and is higher than that of the mill-hands and lower than that of the sweepers, have to pay interest sometimes at 150 per cent., *i.e.*, annas two per rupee per month, the most common rate being 75 per cent. In other respects their condition is much the same as that of the others. From the above analysis one thing stands out boldly and it is this. When an average labourer comes to Bombay, instead of being able to shake off the burden of his previous debts, he is dragged deeper into the mire of indebtedness by several unavoidable causes and the result is that he is nearly killed under the pressure of the very exorbitant rates which he has to pay to the sowcars to whom he pawns nearly all the jewels and ornaments he possesses. The money-lender is anxious that his prey should not slip out of his hands and so he cleverly manages to keep him under his clutches as long as he can. There may be some justification for charging a slightly higher rate than the market rate but not certainly so high as 75 to 120 per cent. especially when the people enjoy a fairly good reputation of regularly paying their monthly instalments to the Marwaries who have given them good certificate in this respect and it is in very few cases that he has to go to Court. Some Banias and grain-dealers charge on credit accounts of grain, &c., 150 per cent. to the Mahars and there are a few extremely needy people who even pay 300 per cent., *i.e.*, annas four per rupee, per month, to the Kabuli money-lender whose methods of realization are too well-known to need their description here. These things make it absolutely impossible for the poor man to extricate himself from this dreadful position and he is completely at the mercy of the sowcars. I have known instances of people who for the fear of the sowcars do not even go to their homes for nearly eight days after they have received their pay. The usual practice of these people is to bring the pay to the money-lender who credits it to his account which the borrower can scarcely understand. Then he receives on the same account a fresh loan for the expenses of the month. Thus, a new fetter is forged on his legs. It is commonly known that clever sowcars who deal with these needy classes generally take from them a bond for twice the value of the amount actually paid, the interest for the period being first deducted. In investigating a case it was brought

to my knowledge that the usual practice of a money-lending firm that gave financial accommodation to the poor tram conductors and such other servants was to take a bond of Rs. 50 for a loan of Rs. 25 to be returned in three months; and deducting interest at 75 per cent., stamps, and writing charges the borrower would actually receive Rs. 20 for which a bond for Rs. 50 had to be passed. It is here that the special aid of co-operation is sought and the details of some of the existing Debt Redemption Societies given below will show that co-operation can really bring them partial though not perfect relief.

RESULTS OF DEBT REDEMPTION.

(1) *The Tardeo Mill-hands' Society.*

8. The tiny society of Tardeo mill-hands which started work with 11 members in January 1913 began its lending operations in May 1913 after collecting its own share capital of about Rs. 150. To-day the membership stands at 50 including 2 women, one of whom is a member of the Managing Committee. The turnover so far amounts to Rs. 2,791 which includes a share capital of Rs. 488 and deposits of the value of Rs. 581. Out of 77 loans of Rs. 2,365 given to 38 members, 35 loans of the aggregate value of Rs. 1,128 or nearly 50 per cent. of the total amount of loans have been granted towards the redemption of old debts and the remaining 50 per cent. for current needs. There has not been a single default, and the Government Auditor being fully satisfied has classed this society as A which means the best class.

(2) *Meghaval (Dhed) Co-operative Society.*

With the whole-hearted support of the Honourable Mr. Lallubhai Samaldas and Mr. R. B. Ewbank, the Registrar, the Meghaval Co-operative Credit Society was started with 20 members on the 26th of August 1913, with a view to try the experiment of redeeming the heavily indebted sweepers in Bombay from their indebtedness which was a veritable mill-stone round their neck. To-day the number of members has risen to 76 including 7 women and no more will be admitted now for some days till all the members are freed from the clutches of the money-lenders. In selecting members who have to pay Rs. 1-4-0 each at the time of entrance, great care is taken to exclude drunkards; in addition to the security of unlimited liability, each member has to pay a sum of Rs. 20 by monthly instalments of annas eight and this amount which is called debentures will remain as fixed deposit with the Society for 10 years; he will receive only interest at 6½ per cent. or one pie per rupee per month, and in this way a sum of Rs. 457-8-0 has been collected so far. Members are induced to make fixed deposits by giving them a special rate of interest at 12 per cent. and Rs. 250 have been deposited by a few well-to-do members for five years. Capital is collected from the many well-wishers of the people interested in co-operation at 9 per cent. per annum and in this manner a sum of Rs. 11,140 (excluding the members' fixed deposits amounting to Rs. 707-8-0) has been secured from several sources as follows:—Rs. 9,525 from individuals, six of whom have kindly paid Rs. 1,000 each; Rs. 500 from Government who were pleased to give a special sanction, the necessary condition of the members' deposits of equal amount fixed for 5 years having been satisfied; and Rs. 1,115 from two co-operative societies, one in Poona and the other in Bombay. Thus, the total capital with the Society to-day stands at Rs. 11,847-8-0 or nearly Rs. 12,000. The society has so far redeemed completely 50 members (including 5 women) out of 75 (nearly a dozen of whom require no loans) from their indebtedness by giving a loan of Rs. 12,890, or an average of Rs. 258 per member redeemed. These men are not now indebted to any body except the Society. Originally they had to pay interest at 60 to 75 per cent.; but now the Society charges them only 18½ per cent. In settling these debts a reduction of nearly Rs. 3,500 was secured, *i.e.*, 27 per cent. of their original debts. The number of money-lenders to whom they owed a total debt of Rs. 16,410 (or over Rs. 300 per member) was 284 of whom 203 were their own castemen. But the dealings with the latter were not very considerable. The regularity with which the members are paying their instalments is extremely remarkable; and the following figures will bear testimony to it. The total loan granted by the Society has to be realized from members in 1886 monthly instalments of which 355 have been received in time, and there has been only one default and that too because the defaulting member was lying in hospital for over a fortnight; but he paid the interest for the month. Another interesting case shows how they are anxious to pay their dues. One member died and his wife without troubling the sureties applied for a concession and she, single-handed, now pays half the instalment with interest. Thus, in all a sum of Rs. 3,369 has been returned by members out of a total loan of Rs. 12,890, *i.e.*, over 25 per cent. The interest received so far amounts to Rs. 1,204-15-11. Besides, this Society has given a sum of Rs. 3,000 as a loan to new three infant societies that owe their existence to it, by giving Rs. 1,000 to each. And calculating members' debentures and deposits, their instalments, interest on loans, entrance fee, &c., a sum of Rs. 5,384 has been received from the members within a period of less than one year. The up-to-date total turnover of the Society amounts to Rs. 19,736-15-11 and by the end of the 1st year of its transactions the Society, deducting all charges of interest on deposits, &c., will make a clear net profit of nearly Rs. 1,000 which will be its Reserve Fund. The Government Auditor has expressed himself thoroughly pleased with the accounts and the record of the Society which is very nicely kept by the Secretary who is himself a sweeper by caste. This Society is classed A and it really represents one of the finest types of labouring class co-operation. So far there have been during the past eleven months 6 General meetings and 19 meetings of the Managing Committee. Strict rules have been made for the granting of loans which are given on the suretyship of three persons one of whom must be the members' wife or husband or a nearest relation. Members are not allowed to borrow from outside without the permission of the Managing Committee. Serious notice is taken of defaults. A few members who were not given loans failed to pay the monthly instalments of annas eight of the debentures and they were dismembered. The whole working of the Society is guided and controlled by a Board of Supervision from outside who by their statutory position exercise all possible authority. No loans exceeding Rs. 100 are to be granted by the Managing Committee without the consent of the Board. And all this is the progress of one year, and the Society satisfies nearly all the conditions laid down by Sir Frederick Nicholson for such work.

(3) *The Somavanshiya (Mahar) Co-operative Society.*

The success of the Meghawal Society during its career of the first four months prepared the way for the formation of one more society for the purpose of redemption. This Society was formed for the Mahars who call themselves Somavanshiya and who work as the scavengers of the Bombay Municipality. Its work was begun in the last week of January 1914 with a membership of 20 which is now raised to 32. By gradual process of redemption 29 members have by now been fully freed from their total debts standing at Rs. 6,335-9-0 which they borrowed from nearly 200 money-lenders, about 100 of whom were men belonging to the same class. Though the latter number 50 per cent. of the money-lenders and are their own caste men, the aggregate amount lent out by them was comparatively low because they deal out very small sums. By appealing to the generosity of these sowcars who could not be quite sure of realizing all their dues the original debt of Rs. 6,335-9-0 was settled for a sum of Rs. 4,664-4-0 conciliation being resorted to in the case of long standing loans. Thus, the average of indebtedness of these members worked at nearly Rs. 200 and it was compounded for Rs. 161, a reduction of about 43 per cent. being secured in the case of 29 members. The rate of interest charged was 75 per cent. though in a few cases it exceeded it. The Society for which money is obtained from public spirited citizens at 9 per cent. charges these members 18½ per cent. on their loans. There have been a very few defaults or rather a few payments of instalments were delayed; but they were due to the members having gone to their native places, as is usual with them, for which period they received no pay. These have been paid. The lines of work adopted for this Society are similar to those of the Meghawal Society. Each member has to purchase two debentures each of the value of Rs. 10 and their payment is received in monthly instalments of annas 8. This amount will remain with the Society for 10 years, interest on it being paid at 6½ per cent. A sum of Rs. 105 has thus been so far received and there has been no default in such payments. By monthly instalments of the loans granted a sum of Rs. 1,072 has been received back from members excluding the amount of Rs. 320 which represents the interest received so far. These amounts become fresh capital for a further process of redemption. Considering the extreme backwardness of these people who, it must be remembered, sweep the streets of Bombay with a broom stick during the day and are made to work at night with a pen in their hand, the results must be declared quite encouraging and as their intelligence and the knowledge of co-operative banking grow, these people may be trusted to manage their own society very satisfactorily. The Government Auditor has put this society also in the A class. In starting this society I am extremely grateful to my friend Mr. Govind Ballal Dewal of Sangli who made the first deposit of Rs. 1,000 for three years and increased it later by Rs. 500 for a similar period.

(4) *The Prabhadevi Society.*

The work of the Prabhadevi Society has been just started by redeeming 4 of its members and a sum of Rs. 850 has been advanced after securing a reduction of nearly 35 per cent. Similarly the work of the other three Societies has also commenced.

SPECIAL FEATURES.

The work of these societies is being carried on approved methods. First, a regular attempt is made to foster thrift and self-help among the members; secondly, with the help of the Registrar, a course of twelve weekly lectures on co-operative principles, co-operative management, co-operative Banking, audit and balance sheet is arranged in Marathi and Gujarati for the benefit of members and Managing Committees who attend these lectures in large numbers at night in the Home of the Servants of India Society; thirdly, there is a library for the study of co-operation and pamphlets and reports of co-operative work are widely distributed. Songs on co-operation have been collected and they will be soon printed and distributed. Fourthly, members have been induced to pay an annual charge of Re. 1 each in the case of Redemption Societies of unlimited liability to the Supervision and Inspection Fund to be managed by a Debt Redemption Committee which is established in Bombay with a view to assist and promote the co-operative work started by the Servants of India Society. Members of the limited liability societies pay annas 8 per year. In addition to these individual annual contributions, the Registrar has sanctioned a by-law for these societies by which the societies of the first kind will pay every year Re. 1 per member as expenses and the societies of the second kind will pay annas 8. This is a true lesson in self-reliance and gradually as the work grows these societies may even be prepared to defray half of the cost of their organization, supervision, inspection, and audit. Fifthly, members are made to appreciate the larger uses of co-operative organization. One or two societies have passed by-laws undertaking the sale of provisions to members. Moreover, in the case of Debt Redemption Societies, by-laws requiring the member whose debts have been completely redeemed, to get his life assured for that amount, the society without increasing his burden undertaking to make the necessary arrangements. This is doubly useful. It trains the member in the habit of thrift and secondly it affords an additional security to the society for the large amount of loan. The life-policy is to be assigned to the society till its debt is fully paid by the member. By this arrangement the society, which would have ordinarily received the whole amount of loan in 30 months from the member, will now receive it in three years. Besides, the member gets a policy which may be useful to him or her in his or her life-time or to his or her survivors after his or her death. Not that there are no difficulties and even disappointments in this work. But considering that they are a necessary factor of every new undertaking they need not frighten a worker. But the difficulties are so few and the disappointments so rare, that the actual experience detailed above must embolden us to expand the work for which there is now a steadily growing demand among these classes of people; and to refuse them this help will mean to deny them a chance of moral and material regeneration.

EXPERIENCE OF OTHER CO-OPERATORS.

9. Further, how co-operative credit has been able to help the mill-hands and other classes of labourers can be gauged from the working of other similar institutions elsewhere. (1) Mr. Malji's Society for mill-hands at Broach has made a considerable advance in its work and has been a very

great help to members in various ways. He writes to me to the following effect. "During the year 1913-14 the noteworthy feature of the Society was that the retail sale of the mill-cloth in Broach was entrusted to the Society by the Mill Company and the members were thus enabled to sell their own manufacture. The second interesting point is that the mill-hands' school and dispensary were helped by the society to the extent of Rs. 125 with the sanction of the Registrar under Section 34 of the Act. The society has commenced to lend money repayable within 6 months by monthly instalments on due security, but in view of the unsteadiness of the workmen no action is immediately possible towards the entire redemption of their debts through the society. In fact, the principal debtor as well as the security cannot be called permanent incumbents, and hence any immediate action in this direction is rather dangerous. With such people a question of saving and a discourse on thrift is rather an up-hill task, but attempts are being made to educate them in these matters. To induce the members to avail themselves of the shop at the mills supplying their daily needs, a special bonus was given to the members who purchased their necessaries on many occasions and thus paid larger sums as prices. It need not be added that goods are sold at the shop at cost prices only." (2) The Manager of the Gokak Mill conducted by the Gokak Water Power and Manufacturing Co., Ltd., when requested to kindly supply me with statistics of some of his labourers wrote to me as follows:—"As regards our mill-hands they are far better off here than the Bombay mill-hands. They are not in the hands of sowcars and are not addicted to vices. Majority of our hands deposit in the Gokak Mills Urban Co-operative Society more than 10 per cent. out of their monthly earnings; hence the statistics of our mill-hands are not necessary." (3) Mr. Chirmule's Society for the Municipal sweepers at Satara has by its work during the past five years sufficiently shown the usefulness of co-operation though the scale of the experiment has been very small and the mode of working it more or less official.

CREDIT IS THE NEED OF THE POOR.

10. Thus, the experiment of redemption tried in Bombay by the Servants of India Society and in mofussil places by other workers has fully justified by its results the faith that guided them and it is now to be seen what steps should be taken to extend its basis so as to avoid the pitfalls in the way. But it might be asked by men who look at the question purely from the business point of view, what is the worth of these people or in other words what security is offered by these men who require financial assistance from outside? In attempting an answer to this question it will be useful to state the nature of the security on which co-operative credit lays special stress. In this connection the following extract from an excellent paper written on the subject of "Co-operative Banks and Popular Education" by Mr. H. R. Crosthwaite, Registrar of Co-operative Societies in Central Provinces and Berar, will be found helpful. Speaking about the worth of members of a Co-operative Credit Society he says: "The worth of a Co-operative Society, it has been shrewdly observed, is the worth of its members. Worth from the co-operative point of view, is of two kinds—moral and material. Now the worth of a new society formed from the poor and the illiterate classes—and with such we are generally confronted in the Central Provinces—is crude in quality and doubtful in quantity. Of potential worth there is probably much, of actual worth little. It is the aim of the co-operative movement to develop this actual worth by means of patient and persistent training. To this end, every possible means of broadening the minds and widening the out-look of co-operators must be employed. "No co-operation," says Mr. Wolf in his book, "Co-operation in Agriculture," "can flourish without education. We may choose our own methods according to the circumstances of each case. The great point is that education as such, education as a main item, education in co-operation in the mechanical services entering into its practice, and education in agricultural crafts, should be placed, prominently in the programmes of co-operation, in the very forefront."

CHARACTER AS THE FOUNDATION OF CREDIT.

11. That the labouring classes possess no sound security to offer to the business man goes without saying and that is the main reason why the shrewd money-lender imposes onerous terms on the poor borrower. But if the average man is to grow sound financially the primitive institution of the griping money-lender must go. But how will it go? The answer is by co-operation. And co-operation is possible where there is need for it and it is sure to succeed when it is backed up by character—even the poorest and the most ignorant man has character which is the foundation of true credit; and to democratize his credit and to give it a money value is the mission of co-operation. Mr. J. R. Cahill, in the splendid report of his inquiry into the Agricultural Credit and Agricultural Co-operation in Germany, observes that "persons whose economic position is weak can only create a value capable of being realized in the open market by means of co-operation and mutual guarantee;" possibly, therefore, the best solution of the unsatisfactory conditions of the labouring classes is afforded by the co-operative remedy. To quote Sir Frederick again, he says:—"There is, then a possible remedy for the evils of indebtedness, reckless borrowing, and usury; there is no single remedy any more than there is one cause; there is no panacea, no universal or simple cure for the evil of debt. But there is one of value and of comparatively easy application, viz., the development of credit associations, the advance from confusion to system, from money-lending to banking, from individual to co-operative responsibility."

CHARACTER, SUFFICIENT SECURITY.

12. Granting, therefore, that co-operative credit organization is the best possible cure of the disease of indebtedness and that character is the foundation of real credit, let us examine if it could be taken as a sufficient security for safe and sound investment in the credit associations formed for the indebted labouring classes. Here I would rely on the experience so far gained and venture to deduce the following general propositions as grounds of security to be expected from the bulk of the labouring class as these have a direct bearing on their character.

THE GROUNDS OF SECURITY.

- (1) They are capable of being roused to a sense of reasonably responsible life.
- (2) They are steady, honest, and reliable.
- (3) They possess capacity to earn which is ample and constant.
- (4) They seem to recognize the need for co-operative assistance and can be trained to practise thrift which according to Mr. Ewbank is the "ultimate foundation of all credit."
- (5) They combine the honesty of motive with the regularity of payment in respect of others' dues.
- (6) They are instinctively keen about the obligations of debt either jointly or individually incurred.
- (7) They have a strong sense of suretyship or mutual guarantee.
- (8) They can get among them a few well-to-do men who will be willing to stand by their poorer brethren and share their liabilities as required by the principle of unlimited liability which is considered a great social asset.
- (9) They show a readiness to adapt themselves to the various civilizing forces and are not slow to improve their habits and thoughts by means of education.
- (10) They are pliable to noble and steadying influences.

These are some of the constituent factors of the poor man's character which renders him a fit object of co-operation which, in the words of Holyoake, is "the need of the poor and not of the gentleman."

• METHODS OF WORK.

13. Having thus discussed the need for co-operation for the poor and the principles by means of which and the conditions under which it can flourish among them, a few broad observations on the principal methods to be adopted in starting and conducting co-operative associations successfully, will be very useful.

(1) Education.

All eminent co-operators have put education in the forefront. It is really difficult to estimate its power and usefulness in co-operative work. It is in fact the very foundation on which the whole edifice is to be reared. Grounding in the principles, history, and progress of the co-operative movement, and knowledge of co-operative banking and management by means of lectures and literature, lanterns and libraries ought to be the first guiding principle with all co-operators. It is regrettable, however, that some of them underrate the need for providing this education; but it is a sad mistake. If co-operation, therefore, is to be not only the instrument of economic relief but an active agent of moral and social reform, it must be based upon education. Provision for such education by propagandist methods should be made both by Government and the public. The State has taken a lead in this matter in many Western countries and its example has been followed by many public bodies assisted by the State in many cases. While speaking of the functions of the State in this behalf, Sir Frederick Nicholson observes that "it should provide for efficient supervision; and it may grant some moderate subventions, either as working or as mere starting funds." Just as the Government have been an important factor in the development of rural co-operation there is greater reason that it should be so in developing labouring class co-operation. The example of the Co-operative Union of England is a standing monument of public activity in this direction.

(2) Guidance but not Interference.

Though there should be legislative restrictions and proper safeguards in the beginning of co-operative societies to prevent mistakes, as far as possible there should not be undue interference. As the members' own sense of responsibility must be developed to ensure real success in the management of the affairs of the society, care should be taken to minimize the need for outside check by creating as much true social or corporate check as possible. Guidance should be so regulated as to train the members in the proper discharge of their duties.

(3) Supervision.

In the earlier stages nothing is so important as the systematic supervision over the general management of the society and the regular inspection of its accounts. This should be combined with a course of regular lectures to train and instruct the members in details of co-operation. Great attention has been paid to this aspect of the organization by the State and public associations in all Western countries where co-operative movement has made a stupendous advance by providing special agencies for supervision and inspection at their own cost. Here in India much more can be done by Government and public institutions by employing larger funds towards this purpose. In this respect, it is satisfactory to note that in India in some of the provinces, the societies have recognized the necessity of supplementing the assistance which the Government supplies in this behalf and they make an annual contribution of a fraction of their annual interest for the expenses of supervision on the provision of which the confidence of the investing public so largely rests. Generally the Central Banks and District Unions supply the agency for supervision and inspection and a regular charge is levied on the members of the societies that pay yearly one rupee per member to the Inspection Fund. This is a sound principle of self-help and until it develops and spreads Government and public bodies will do well to recognize the need of extending their help in this channel.

DEBT REDEMPTION COMMITTEE IN BOMBAY.

14. In order to assist and promote the work started by the Servants of India Society in Bombay among the mill-hands and the other labouring classes and with a view to put it on a sound and safe basis a very representative and responsible Committee called the Debt Redemption Committee has been started and the following gentlemen have joined it :—

- (1) The Hon'ble Mr. C. H. A. Hill, I.C.S., C.S.I., C.I.E., Member, Executive Council, Bombay.
- (2) The Hon'ble Mr. P. D. Pattani, C.I.E., Member, Executive Council, Bombay.
- (3) Mr. Ratan J. Tata.
- (4) The Hon'ble Mr. Lallubhai Samaldas, C.I.E.
- (5) Mr. Hormusji A. Wadia, Barrister, Bombay.
- (6) Mr. Purshottamdas Thakordas, B.A.
- (7) Mr. G. K. Devadhar, M.A., Member, Servants of India Society.
- (8) Mr. Amrutlal V. Thucker, L.C.E., Member, Servants of India Society.

The Committee have taken power to add to their number.

Its Lines of Work.

The main work of this Committee will be four-fold in discharging which it will perform as many functions of a Union as will come within its purview. It will find fresh fields for the extension of co-operative work; it will arrange for the education and the supervision of the societies started under its auspices; it will find the necessary funds for these societies and ensure their safe investment; it will balance the excesses and the deficiencies of funds of the societies and will take all steps necessary to ensure their success. The Committee, which may meet once in three months, will guide and control the work, while the administrative or the executive part of the Committee's operations will be entrusted to a small Sub-Committee consisting of those members who actually are engaged in this work assisted by the Secretaries and the Chairmen of the various societies started.

Appointment of Inspectors.

As the work is steadily growing it is found very necessary to appoint a paid staff of Inspectors to train the members of new societies to supervise their work, and to audit their account. They will also attend meetings of the Managing Committees. As far as possible these Inspectors will be chosen from among the most intelligent Secretaries of these societies who have themselves done very excellent work and who belong to the class for which the societies are started. For the present it is intended to appoint two such Inspectors one for the Gujarati and Deccani Depressed Class Redemption societies and the other for the societies among the mill-hand population. Each one may be able to look after a dozen societies after they are duly started by the members of the Sub-committee.

Inspection and Supervision Fund.

It is roughly estimated that an aggregate sum of at least Rs. 1,200 will be necessary for annual expenditure. This amount will not meet the demands of propagandism which is most essential for pioneering work. It is intended to start a Central Co-operative Library and a Reading Room and a Co-operative Class for those who will take up co-operative organization. Moreover, co-operative literature will have to be brought within the easy reach of those who take interest in the work and for this purpose also money will be required. But the sum of Rs. 1,200 which is considered quite necessary for the provision of organization, supervision, and inspection of the societies will be spent as follows :—

(1) The yearly salaries of two Inspectors at Rs. 30 each per month	...	720	0	0
(2) Yearly expenditure on tram and conveyance charges for the Inspectors at Rs. 10 per month each	...	240	0	0
(3) Stationery and office contingencies Rs. 10 per month	...	120	0	0
(4) Miscellaneous expenditure incurred by the members of the Committee in their work at Rs. 10 per month	...	120	0	0
				0
Total expenditure	...Rs.	1,200	0	0

This amount is sought to be met in the following wise :—

(1) Yearly approximate contributions by the societies and their members to the Inspection and Supervision Fund	...	400	0	0
(2) Subscriptions from the members of the Redemption Committee and the public	...	400	0	0
				0
Total income	...Rs.	800	0	0

Need for Government Subvention.

Thus, there is a deficit of Rs. 400 per year and my request to this Conference is that in approving the proposal of this Committee's work it should recommend to Government an annual grant of Rs. 400 to the Bombay Committee on the submission of an application to the Registrar for this help. This is not a new departure. This principle is followed by all Departments that seek the co-operation of non-official bodies in the expansion of their work. There are many branches of public activity, such as Education, Sanitation, Medical Relief, &c., that receive subventions from Government who are anxious to encourage and stimulate non-official work. And the important feature of this scheme which deserves special recognition at the hands of Government is that the poor labouring class men, for whom co-operative societies have been started, have, with the approval and sanction of the Registrar, voluntarily come forth to contribute a substantial part, i.e., one-third of the sum required for this Fund. I am confident that both the Conference and the Registrar will support me in this humble demand.

INITIATIVE BY THE EMPLOYERS OF LABOUR.

15. The above treatment of the subject will clearly show that a successful beginning could be made to spread co-operation among the labouring class with slow and cautious steps in places like Bombay. Difficulties there are and there will be; and there may be risks also; yet they need not overawe the workers; they must, however, be boldly faced. But the real key to success is the intelligent interest of these men to create which a well-planned scheme of co-operative education by lectures and practical work will have to be adopted and this is the surer way to success. If this part of the work be neglected or not sufficiently emphasised, co-operation will degenerate into charity or benevolence; and co-operation is neither charity nor benevolence, but it is pure business carried on the basis of self-help, thrift, and mutual trust. In this way, if the intelligent interest of the labourers be coupled with the hearty co-operation of those who employ them, it should not be difficult at all to commence the work. But one thing is certain that the employers of labour must take the initiative assisted by a band of disinterested co-operators. In this connection, I consulted a few leading mill-owners and co-operators in Bombay and outside who are known for their public spirit and I am glad to say that all of them have encouraged me by promising their enthusiastic support if a modest scheme for undertaking such work be submitted to them. I trust the great employers of labour will support the above mentioned scheme of work whole heartedly.

APPEAL.

16. I shall conclude this lengthy paper by addressing an appeal to those who can either supply the necessary funds for this work or can render personal service. Funds will be needed for a double purpose; first, deposits to these societies must come from those who can understand the value of the security which these poor people can offer, and that is character. So far, I must confess, I have been very liberally assisted by friends in this work who made substantial deposits with these societies. Over Rs. 15,000 has been secured as deposits from several generous friends to whose large-mindedness the greater part of the success of this work is due. But as the work is rapidly advancing there is need for greater financial assistance which is of course no charity because interest at the rate of 9 per cent. is paid on deposits fixed for three years. Secondly, funds are needed for the pioneering work which involves a deal of expenditure for which no provision has yet been made. It is here that there is need for charity and I hope that co-operators who have the ability to subscribe will not stint their liberal support. But what is more largely required than money is personal service. In an age which is so fully saturated with the spirit of social service men with patriotic zeal need not be found wanting. What is needed is men with the right spirit of service and sacrifice and faith and I have so much confidence in the elevating influence of the work that such men, would be forthcoming when they once know that co-operation affords a proper field for the exercise of their humanitarian and national sentiments. But they must bear in mind the sound advice of Sir Frederick Nicholson who in most appropriate terms gives a correct description of the class of men that are wanted for co-operative organization. He says:—

“What is really wanted is the advent of men of zeal, enthusiasm, devotion, and perseverance who will take up the Western ideas and methods, and, by personal labour, solve the difficulties of the problem not on paper, but in actual practice; the philanthropic reformers of the East must sit down in the villages as did their prototypes of the West, and must there establish the petty societies which, as in Europe, shall contain the germ and promise of infinite potentialities. There can be no higher honour for any man than to achieve the role of the Schulze—Delitzsch or the Raiffeisen of India, and the possibility of filling that role is within the power of hundreds of men in this Presidency.”

SERVANTS OF INDIA SOCIETY'S HOME,
POONA CITY:
August 25, 1914.

• *GOPAL KRISHNA DEVDHAR, M.A.,*
Member, Servants of India Society.

APPENDIX V.

Debt Redemption among Agricultural Classes.

"I will only say that one of the very saddest features in the life of our Presidency is the heavy, and, I fear, growing indebtedness of the cultivators.

"I have given the most anxious thought to this great evil, so difficult to remedy because of its magnitude and wide extent. In the spread of the co-operative credit movement I see the dawn of a hope that in time the present burdens may be mitigated and the position of the cultivator may be placed on a sound financial basis.

"The best of all methods of helping others is to show them how to help themselves and thus to develop self-reliance, personal dignity and other qualities which go to the making of a vigorous and prosperous people."

LORD SIDENHAM.

These words coming from a high administrator, who did so much in the interests of our agricultural, commercial and primary education, no less than in the cause of the co-operative movement, have always to be kept before his eye by every Indian co-operator. The gravity and hardness of the situation, however, must only serve to open our eyes to the imperative necessity of addressing ourselves to consider the matter more carefully and to adopt such measures as its nature demands.

THE EXTENT AND DURATION OF INDEBTEDNESS.

There are no statistics which may enable us to gauge the extent of the indebtedness. Mr. McNeill in his paper read on this subject before the first Provincial Co-operative Conference, took for his basis twenty-five lakhs of rupees as the amount of debts which the agriculturists of a taluka might owe, and Mr. Keatinge, in his *Rural Economy in the Deccan*, has stated that, as a rough estimate, half the land in the Deccan might be in mortgage. A reliable figure, however, is a matter that as yet to be worked out. There is no doubt that the indebtedness has covered a very considerable area.

As to its duration, it would seem that agriculture and indebtedness have almost always gone hand in hand in this Presidency, since the very first legislative action affecting the agriculturists which the Bombay Government took was the passing of a regulation against creditors in 1827. Like trade and industries, agriculture can only prosper in times of peace and order; these the cultivators of Bombay have always got since 1818, but the peculiar position in which they stand has always been a stumbling block in the way of their getting out of this great evil.

CAUSES OF THE INDEBTEDNESS.

The causes which have induced this miserable condition of our tillers of land are, mainly, the following:—

- (a) (1) Illiteracy;
- (2) Ignorance;
- (3) Initial poverty and backwardness;
- (4) Improvidence;
- (b) Paucity and uncertainty of rainfall;
- (c) (1) Uneconomic customs;
- (2) Standing indebtedness, which absorbs in the shape of interest every year considerable share of the cultivator's income;
- (3) Joint family system which ensures an interest in family property by birth;
- (4) Minute divisions and sub-divisions of lands and houses so as to render them uneconomic holdings;
- (5) The administration through courts as at present constituted of highly developed laws which the agriculturists have not evolved and litigation;
- (6) Drink;
- (d) Dependence which makes them spend at every step in their daily life;
- (e) Absence of a common institution which can occupy and help them.

EFFORTS HITHERTO MADE TO COMBAT THE EVIL.

I—By the Government.

(a) *Protection from Unfair Dealings of Money-lenders.*—The first thing that attracted the notice of Government was the ignorance of the peasants which stood in the way of their exactly knowing what they owed to their creditors, and, not infrequently, the acknowledgments they passed in favour of the latter in respect of the amounts they owned were found to have been incorrect. Reg. V of 1827 was, therefore, passed rendering inconclusive the evidentiary value of these acknowledgments where they were contested, and, in certain cases, where creditors could be expected to give independent evidence in support of their claims. In the same year laws against usury were passed and claim for interest was restricted to an arbitrary rate of 12 per cent. The cattle and implements necessary for the business of agriculture were also exempted from seizure

for debt. Unfortunately for the agriculturists, however, a system of procedure for the administration of justice came to be introduced which gave the upper hand to those who could understand and take advantage of it. The agriculturists had to go to the wall; and in some parts of the Deccan, where the pinch was most keenly felt, people resorted to the only means—physical force—to which the ignorant can betake themselves. The result was the passing of the Deccan Agriculturists Relief Act in 1879 which introduced a simple and, in some ways equitable, procedure for the trial of debt suits and other money-suits in which the agriculturists in the Deccan were involved, and also provided some remedial reliefs in their favour.

(b) *Pecuniary Help.*—The general body of cultivators, however, were still left in the cold. The great famine of 1876-77 had aggravated the helpless condition of the ryot, and he required material assistance on a liberal scale. The old Act of 1871 regarding Land Improvement Loans, which did not work well, was accordingly simplified and amended in 1883, and it was followed by another enactment in the Agriculturists Loans Act of 1884. The Government have since then been systematically helping the agriculturists by making advances for permanent improvements of their lands and for meeting their agricultural needs.

(c) The next 20 years were passed in watching the results of these enactments. A commission was appointed to report on the working of the D. A. R. Act, and in 1892, it had much to report to the credit of the Act. Between 1892 and 1900 several Government officers in different Provinces, and notably the Madras Government, made endeavours to see if the people could not do anything to help themselves, and the result was the passing of the Co-operative Credit Societies Act of 1904, of which the present Act of 1912 is the natural development.

(d) *Paving the Way for Private Enterprise.*—The Irrigation Scheme introduced by the Government has gone some way to mitigate the effects of paucity and uncertainty of rainfall, and that considerably in the Poona District, by the construction of the Mutha Right Bank and the Nira Canals. In 1908 the Government sanctioned the Nira Canal Tagai Scheme, intended to demonstrate the possibility of financing the cultivators on much easier terms and to secure them much better profits, and it was proposed "to place the experience thus gained at the disposal of the public in the hope that some banking agency may be induced to step in and compete with the savcars," and the scheme was successfully worked out.

II—By the People.

The Bombay Central Bank is the only enterprise that the people have made in connection with the task of financing the agriculturists, but the operations of the Bank are of a limited character, and form an edifice on the foundation prepared by Government. Moreover, the bank has not yet been able to make an attempt in the way of debt redemption.

III—By the Agriculturists.

None as a body.

RESULTS.

The results of the protection thrown round the agriculturists have been just those which could be expected. It is not warm clothes that effectively ward off cold so much as the internal heat and general tone of the body. The dealings of creditors and the administration of justice with reference to their claims have an intimate bearing on each other. Indeed, the nature of the adjudication on claims determines the moulding of the claims, nay, the very clothing of the dealings at the time they take place. If the Courts go into the history of past transactions, cash consideration would be shown before the registering officers; if the Courts go into the question of accounts, 90 per cent. of the creditors are prepared to say that they keep no accounts, and that no receipts were passed in respect of a share of the produce received in lieu of interest is simply a matter of practice; if the Courts rely mainly on written evidence—as they have invariably to do—that shape is given to the transaction which is calculated to ensure the safety and advantage of the creditor.

The results of the work done by co-operative movement have been recently summarized by the Government of India in their Land Revenue Resolution No. 12-287-1, dated the 17th June 1914. The following remark is significant:—

"It has for instance been calculated that in interest alone, the agriculturists of India by taking loans from Co-operative Credit Societies instead of from the village money-lenders, are even now saving themselves from an absolutely unnecessary burden of at least 20 lakhs of rupees per annum, and there is no reason why in a few years this figure should not multiply itself several times over."

PRINCIPLES WHICH SHOULD GUIDE THE SCHEME FOR DEBT REDEMPTION.

I have so far given a summary of the work done and the results achieved, not because they are unknown to co-operators, but that they may serve to indicate the principles which ought to guide us and the line we ought to take in the direction of the solution of the problem of agricultural indebtedness. Before proceeding to offer my suggestions, however, I wish to invite the attention of the Conference to two important causes of the indebtedness which have assumed dimensions no longer to be ignored.

Joint Family System.—The joint family system which obtains in this Presidency gives to every Hindu an interest by birth in the property belonging to his family. It is this his birth-right that gives him a right to demand partition of the family lands and other property. Even if he is abroad, he is jealous lest his right should be invaded. Even if he is penniless, an agriculturist would incur debt and have his right established.

The results have been disastrous. The lands have been partitioned and further partitioned till the whole family land has to remain ill-cultivated, or, in some cases, been allowed to remain fallow, and the several pieces have become quite uneconomic holdings. The family house also meets the same fate, and the pieces have come to be uninhabitable. The agriculturists not only do not reside in their fields but leave their village homes and go abroad only to return for their seasonal operations. In the words of Mr. Keatings, when a cultivator has got only five or ten acres of unimproved dry crop land, split up into several plots and situated at a distance from the village and from each other, he has not got an economic holding. It will not provide a living for himself and his family much less will it leave him anything over to pay any assessment or any interest on debt, at whatever rate they may be calculated. There is no chance for him to develop or improve his property; and he can only accept his poverty as due to some unknown cause and grumble indefinitely at the weather or the sowcar or the Government.

The lack of initiative and enterprise for which this system is responsible is another element of the economic hardships from which, in common with others, the agriculturists have to suffer.

The system has been further developed by the Courts as established during the last 50 years. The litigation that has grown out of this law has now gone on to such an extent that the majority of suits and cases instituted in Courts have something to do with rights and liabilities arising from this law of Hindu joint family. Too much of the cultivators' time and energy are being occupied by this litigation, and the expense he has to undergo is simply enormous. Any scheme that may restore the attention of the agriculturists back from the Court-house to their lands would be most welcome, both from the point of view of public peace and stopping the drain of agriculturists' money, which would otherwise go to the maintenance of their families and the improvement of their lands.

Government have in their own way endeavoured to remedy both these evils, but the measures they have hitherto taken are far from meeting the exigencies of the case.

By the Partition Act of 1893 provision has been made for the sale of the entire property if "by reason of the nature of the property to which the suit relates or of the number of the shareholders therein or of any other special circumstances, a division of the property cannot reasonably or conveniently be made," but there are limitations prescribed for the procedure which it is needless to detail. There is, however, no rule of law hitherto passed which can prevent people from themselves dividing their lands into the minutest portions. Such a law is now absolutely necessary in the interests of agricultural improvements and the economic well-being of those who are to effect them, although public opinion may be many years in opposing the general Hindu Law of joint family.

Litigation.—As regards the evil of litigation, nothing seems to have been done in this Presidency beyond the provision of a simple procedure for trial of money-suits in which the agriculturists in the Deccan are involved.

Agriculturists mainly reside in villages; they are mostly illiterate and ignorant; they are being treated with a law evolved by a highly civilized people, and advocated and administered by persons and officers whom they have to pay dearly to reach. The legal enigmas and points have to be purchased by them at a very high price, and the persistence with which the agriculturists follow their Court-duels is simply wonderful.

In this connection I may well quote some passages from the Report of the Royal Commission on Decentralization.

"The Indian villages formerly possessed a large degree of local autonomy, but it has now disappeared owing to the establishment of Civil and Criminal Courts, the revenue and police organization, the increase of communications, the growth of individualism, and the operation of the Rayatwari system, which is extending even in the north of India. Nevertheless, the village remains the first unit of administration; the principal village functionaries—the headman, the accountant and the village watchman are largely utilized and paid by Government, and there is still a certain amount of common village feeling and interests."—Vol. I, Part III, Chapter XVIII, para. 696.

"We hold that it is most desirable, alike in the interests of decentralization and in order to associate the people with the local tasks of the administration, that an attempt should be made to constitute and develop village panchayats for the administration of local village affairs.—*Id.*, para 699.

In para. 708 following they recommend that a panchayat should have civil and criminal jurisdiction in petty cases arising within the village, which should be the ordinary unit of administration, but grouping might be allowed in special cases or where it is absolutely necessary to neutralize village factions. They have taken note of the difficulties attending the situation, but they have noticed the fact that the character of the villages varies materially not only in the different Provinces, but in the same Province and even in the same districts and tahsils. In short, to prevent long journeys for settlements of paltry disputes and to check the habit of undue litigation which is prevalent in some parts of India, the institution of village panchayats is, in their opinion, necessary. As to their efficiency, the procedure they recommend being simple, with a revisional jurisdiction being reserved in Courts, they think that the scheme is feasible. Moreover, the panchayats can more readily ascertain facts, and, if in some instances, they 'may make mistakes, neither are the stipendiary courts infallible.'

Public opinion also favours the same view: "No thoughtful observer can, however, deny that a system modelled on such an alien judicature is entirely unsuited to the poverty stricken and ignorant and defenceless masses in this country, whose want of knowledge of the language of the

statute book, of decisions of the judges and of the arguments of the pleaders in the Courts, shows the very anomalous and utterly dependent position of suitors in reference to the conduct of legal proceedings in which their interests are at stake. The reform to be of use should begin not from above, but from below. The imperative demand is for rural Courts which will deal with the bulk of small claims that under the existing conditions are a veritable source of ruinous expense and dissatisfaction. It is the constitution of these Courts that should claim the immediate attention of the authorities."—Judicial Reform in India: a contribution by Sir S. Subramania Ayer, K.C.I.E., LL.D., to the Commonwealth in June last. The 'small claims, may be those money-suits which are enumerated in Chapter II of the D. A. R. Act, and the 'petty cases' for criminal jurisdiction may be those which are compoundable by law.

Illiteracy.—"Illiteracy is a hindrance to the movement, and just as co-operation leads to a demand for literacy, so literacy encourages the demand for co-operation." We cannot, however, do much at once to combat this evil, but I wish to make two suggestions which may go some way to fortify the agriculturist against the frequent necessity of incurring expenses which he cannot avoid:—

(i) It is very regrettable that the agriculturist does not as a rule know the Survey Nos. and other particulars regarding the lands he holds and cultivates, and has, in consequence, to pay much to get them when occasion arises. I have noticed several instances where he has had to spend Rs. 5 or more to get this simple information, not to mention the time and energy he has had to spend in that behalf. I would suggest that every cultivator holding or owning land should be provided with a small bound book after the fashion of 'ground buch' that obtains in Germany. The booklet gives in a tabular form the Survey No., acreage, assessments, &c., in respect of such lands, with entries of incumbrances existing thereon and the subsequent transactions relating to them as they from time to time take place. Further information on this point may be found in the Hon. Mr. G. S. Curtis' Note on 'Registration of title with reference to Co-operative Societies,' printed in Appendix III of the Report of the Proceedings of the Provincial Co-operative Conference, 1910. It should be easy now to furnish these books with the aid of the Record of Rights and the mutation and other public registers.

(ii) Till the measure suggested above comes to be sanctioned, it may be recommended that copies of all registered documents in which agriculturists are concerned, should be ordered to be given them free of charge at the time of the registration of such documents. In fact, such copies were being so furnished in the early eighties in regard to documents registered in accordance with the provisions of the D. A. R. Act, 1879.

I have taken pains to write at such length about the joint family system and the consequent divisions and sub-divisions of lands, litigation and other hardships of the cultivator specially with a view to bring to the notice of the Conference, with some degree of emphasis, the fact that there can be no effective scheme of debt-redemption for agriculturists unless steps are immediately taken on a liberal scale to build up and strengthen their resources, and to save them the extra expenses which everyday they have to incur over other matters than those connected with their lands. Even after redemption, the agriculturist must be able to hold his own, which he cannot be expected to be so long as he has to spend at every step out of all proportion to the income he can make. In short, the scheme of debt-redemption consists as much in building up the agriculturist and strengthening his resources as in helping him in paying off his debts. In redeeming his debts, you have to redeem the cultivator as well.

It is convenient now to proceed to the main question of debt-redemption.

This question has been discussed before the first Provincial Co-operative Conference in 1908, in which two valuable notes were read—one by Mr. Joglekar on "How far should the Co-operative Credit Movement offer a solution to Deccan Indebtedness" and the other by Mr. J McNeill on "Debt-liquidation."

On the first note a resolution *ad interim* was passed as follows:—

"That this Conference is of opinion that the co-operative movement offers one of the best solutions to Deccan indebtedness."

The second note suggested a scheme for effecting debt-liquidation. The main features of the scheme were—(1) experimental direct liquidation, and (2) the establishment of taluka co-operative credit societies. To facilitate ready reference and the solution, if practicable, at one discussion of the problem, I give below the principal points of the scheme.

1 The indebtedness of a single fertile taluka may amount to 30 lakhs of rupees, that is, the cultivators have to set aside annually upwards of 3 lakhs of rupees to discharge the interest due on previous borrowings. If the effect of liquidation were to cut down the capital debt by even 25 per cent.—a moderate estimate of the reduction obtainable for cash settlement—and if the rate of interest from an average of 12 per cent. to a uniform 8 per cent., the annual interest charge payable by the cultivators would be reduced by exactly one-half.

2. Liquidation on a large scale cannot be attempted unless Government either (1) provides the necessary capital, or (2) guarantees the security of private capital advanced for the purpose.

3. "It would, therefore, be clearly advantageous to organise private agencies to finance liquidation and to provide current credit during the whole period occupied by the process of liquidation. With the assistance of a Government guarantee, taluka co-operative credit societies could, it is believed, be established at once in several districts, and within a short time, in all."

4. Before doing this, Government should acquaint itself with the practical difficulties by conducting a preliminary experiment. The debts of a group of 3 or 4 villages should be ascertained, and Government should pay down the necessary cash, and a mortgage with possession should be taken from the debtor, who should have his redeemed land as tenant at a rent not exceeding the fair rent of the land at local rates.

5. Government should then offer to the local money-lenders simple bonds bearing 6 per cent. interest, with a priority to those money-lenders whose debts have been redeemed.

6. There should be a Government guarantee of $3\frac{1}{2}$ per cent. interest on the capital of a registered taluka co-operative credit society.

7. Such a society would in its own interests organise village societies to serve as its agents for the distribution of capital and for the recovery of debts. It should also be able to raise capital outside the taluka in order to finance operations until the local capitalists realize that their best policy is to come in.

8. If the guarantee scheme proves attractive, the rights and liabilities of Government under the experimental direct liquidation may easily be transferred to a co-operative credit society, as the bonds issued by Government would be redeemable at par at short notice.

In short, central banks in the form of taluka co-operative credit societies should be formed and through them liquidation effected.

The discussion on this note turned on the question of re-involvement in debt, and eventually the following resolution was passed:—

“That this Conference is of opinion that redemption of previous debts is of primary importance, and that Government assistance is imperative for initiating the experiment on an adequate scale.”

It is, however, feared that the scheme may not work—at least for a few years more. In spite of the provision made in the scheme for a due representation of Government and the shareholders and others, paucity of competent and willing workers would be keenly felt, and the financial condition of the societies would not attract paid workers. Moreover, it begins at an unhappy point. It is not at a taluka—much less at a district—place that we ought to begin.

It is futile to hope to make any progress without the co-operation of those intended to be benefited. This view is quite in keeping with one of the main principles of co-operation, that co-operative societies must begin from below. As observed by the Government of India, “It is a matter of some importance to recognise the right moment in the development of co-operation at which one of these central agencies should be established. A society cannot attain its full measure of usefulness until it is federated with and assisted in some way by some central agency, but if central banks be started prematurely, they are apt to become mere forcing agencies for the artificial creation of affiliated societies. In India the structure has been built upwards from below, and for this reason it has been found advisable to discourage the formation of scattered societies at long distances from one another and to concentrate the movement, allowing it as much as possible to expand from centres in which it has found a congenial soil..... The ideal to be aimed at is, that rural societies should raise locally what capital they require, and that central banks should make good any deficiency in the supply of local capital.”

In the course of the discussion on those notes, it was suggested by Mr. Campbell that it would be better to lay it down that all Government help for redemption of old debts should find its way through co-operative credit societies established and to be established, and, I think, that that should be the line which should be adopted if Government help is sanctioned. One main vice of a loan, from a third person, to an individual or individuals on their joint security is, that there is no adequate machinery to guide and help the debtor or debtors in the proper application of the money, and that machinery is provided by these societies. That takavi loans have not been a good success is mainly due to the same cause. As already observed, it would not do merely to look to the bare question of debt redemption. The question as to how to prevent a relapse into debt is equally important. That question cannot be solved merely by making it impossible for the borrower to incur debts by again mortgaging his land, but by strengthening his economic position and guiding him in his subsequent dealings, which can only be done by placing him under the beneficent influences of a co-operative credit society. He must not only know that there is a body of creditors ever ready to help him from without, but that the interests of that body and his own are identical.

But far more money is required to make any debt-redemption scheme a success than what the Co-operative Credit Societies established and to be established could raise. The resolution of the Conference on the debt-liquidation scheme detailed above was passed at a time when State-aid was not so restricted as it is at present. Where, then, is the money to come from? If the solution of the question be left entirely to the societies, there seems no prospect of its immediate solution. The situation, however, seems to be one which calls for an early treatment, and the question should be solved by the societies with the aid of Government and the people. I would suggest a middle course.

I propose that it should be recommended that the scale of making takavi advances for land improvements and for meeting the agriculturists' needs under the Land Improvement Loans Act, 1883, and the Agriculturists' Loans Act, 1884, respectively, should be gradually reduced, and that one-fourth or other substantial portion of the annual recoveries of the advances hitherto made under the Acts and remaining unrecovered should be placed at the disposal of the Registrar as annually recurring grants to be by him applied, through the Co-operative Credit Societies, towards the redemption of old debts of agriculturists in the Presidency.

I may suggest some lines which may be adopted in effecting the redemption :—

(1) *Ascertainment of Debts.*—The amount and extent of debts in a few typical villages where Co-operative Credit Societies already exist should first be ascertained, a small Government staff being maintained for the purpose. The work should be done with the help and co-operation of the officers and members of such societies, and they should have free access to the Record of Rights and other necessary public registers. The enquiry may relate to the nature and duration of the debts as well as the character, habits and other particulars of the debtors.

(2) *Debts to be redeemed.*—A wholesale redemption of debts in a village may not be attempted. Such debts only should first be dealt with as might, if redeemed, result in leaving a considerable margin to the debtor.

(3) *Settlement of Debts.*—As the work has to be done by the societies, persuasion and moral influence should be the means to be employed in arriving at debt-settlements.

(4-a) *Grant of Loans.*—Loans for redemption of debts may not be granted to members unless they are recommended by the society with a schedule of information duly filled in, as required by the Registrar and sanctioned by him.

(b) A loan may not be granted for the formation of a Co-operative Credit Society for redemption of the debts of its members, unless the poverty and indebtedness of such members render such a loan necessary.

(c) The rate of interest which societies have to pay on loans advanced to them may not exceed 4½ per cent, free of all charges, and the rate of interest which the debtors should pay may not be less than 6 per cent.

(d) A mortgage-deed and a rent-note in respect of the property redeemed shall be taken as indicated in by-law 33 of Leaflet A issued by the Registrar.

5. *Return of Loans.*—The loans should be made returnable by the debtors by yearly instalments of 10 to 25 years and those by the societies by such instalments of 15 to 25 years.

6. *Area of operations :—*

(a) Beginning should be made with those societies which are now being well managed.

(b) If proximity, local knowledge and interests, absence of faction and other circumstances should favour it, the Registrar may allow the operations of a society being extended to villages situate within 5 miles of the office of such society so as to form itself into a group society.

(c) When local knowledge and interests and business habits of the members of 5 or more societies in a particular area—all situate within a radius of 10 to 15 miles should warrant it, they may be allowed to combine and take part in the operations.

(d) The operations may be extended upwards as further developments may suggest.

Some explanation regarding the proposed appropriation is necessary. It is true that State-aid has been discouraged, but it has not been entirely forbidden, and the nature and extent of the evil of indebtedness is such that it cannot immediately be remedied without the aid and co-operation of the Government and the people.

Moreover, Government have already commenced making these Tagai advances on joint bond of several debtors, and the system is reported to have influenced repayments. "The success of the joint-bond system has been again demonstrated by the promptness with which instalments of advances granted on this system have been paid."—Bombay Administration Report, 1912-13, Chapter IV, page 47.

Liabilities under the system are rather artificially created, and advances that may be made to rural Co-operative Credit Societies would carry a still greater joint security. The question of recoveries of such advances, therefore, need cause no anxiety.

It may also be remarked that the proposed appropriation opens no new item of expense to Government, and the money goes rather to help the indebted agriculturists than to subsidise a co-operative society. The appropriation should find no difficulty in being sanctioned as being consistent with the policy of middle course laid down by the Government of India.

To sum up :—

(1) The reliefs provided by the Deccan Agriculturist Relief Act, 1879, and the help extended by the Takavi Act of 1883 and 1884 cannot materially help agriculturists in preventing or getting rid of indebtedness.

(2) The question of debt-redemption for agricultural classes cannot be solved independently of other considerations which have much to do with their general economic condition.

(3) The divisions and sub-divisions of lands that have taken place in consequence of the joint family system are prejudicial to the best interests of agriculture, and injuriously affect the general economic condition of the agriculturists.

(4) It is urgently necessary that the agriculturists shall be relieved from the present system of litigation, which absorbs much of their time, money and attention.

(5) It is necessary to arm the cultivator with all reasonable facilities, such as supply of ground-book, copies of land records, &c., so as to save him the expenses which his illiteracy compels him to incur.

(6) Co-operative societies are best fitted to redeem the agriculturists and to strengthen their resources; their redemption from debts, therefore, should be effected through Co-operative Credit Societies and the co-operation of the Government and the people.

(7) Such redemption would be more easy and immediate if Government help on a liberal scale were extended to the cause of agricultural indebtedness if not to co-operative societies.

SISWAD: }
July 22, 1914. }

M. R. TARKUNDE,
Hon. Organiser,
Poona District

APPENDIX VI.

Reduction of Agricultural Indebtedness.

The agriculturist provides the men with foodstuffs and clothes, the two greatest necessities next to air and water, and no occupation is more paying than agriculture, since in agriculture one seed sown produces a hundredfold. However, it is no small wonder that most of the agriculturists who are the barometer of the prosperity or otherwise of a country, are immersed in indebtedness which comes in the way of their advancement and the improvement of agriculture, though the benign Government spares no pains or funds for both. So unless his present indebtedness be reduced, no effort whatever for his advancement would much avail. The problem therefore is how to reduce it.

2. In dealing with this reduction of agricultural indebtedness three points are to be considered, to wit, the causes of indebtedness, remedies and preventives.

3. Many are the causes but the foremost of them are: famines, scantiness of, and fitful and capricious rains, illiteracy of the agriculturists or want of education, want of thrift, profligate habits, extravagant expenses, scarcity of labour, death of cattle and their consequent dearness, fruitless large expenses towards excavating wells, drink, and last but not least high rates of interest and discounts and cunning practised by most of the greedy and over-exacting sowcars (not honest ones since I should say that no agriculturist would do without a sowcar; be he a bania, a society or a common money-lender). Again, there are three greatest causes to which all the others owe their origin; and they are scarcity of rain and labour, want of education and the heavy charges of the sowcar.

4. Against scarcity of water there is no remedy. However, the disaster may be met with or alleviated by taking measures for the conservation of water, and irrigation and the purchase and supply by Government of water-finders and boring instruments for tapping water and excavating wells. This will enable the poor agriculturists to raise garden produce and summer fodder, and enable them to feed their cattle in periods of drought which, however, are not many but few and far between.

5. Labour-saving machines will, to a great extent remove the difficulty of the scarcity of labour. Here I may be allowed to observe that—bring as many machines as you can, but they will not avail much unless and until the numerous small tiny sub-divisions of survey numbers, which are now being recognised, be amalgamated and the land be redistributed. For the sake of experiment a small village may be taken. Its small numbers and sub-divisions may be purchased by the State, divided and classified in big numbers and sold by auction, with condition not to sub-divide them below a fixed minimum.

6. Education is both curative and preventive, and it is the first and most essential thing wanted. Therefore spread it far and wide; either by making it compulsory or anyhow, educate the mass not only as much as to make them able to sign their own names, as such a little learning is a dangerous thing, but teach them at least up to the three R's and to see what is right and wrong, as many an illiterate agriculturist at present would, as tutored by or for fear of incurring the wrath of, the sowcars, not hesitate to say any falsehood even before a judge. Education is the mother of all kinds of improvement or reformation, and its benefits are too well known to be told here.

7. It is against the principles of free trade to fix the rates of interest and discounts and compel the sowcars to charge certain rates. However, by devising other plans they can be compelled to lower their exorbitant rates, which differ from Rs. 6 to 300 per cent. per year. Free grant of Takavi by Government and the starting of Co-operative Societies now make the sowcars a little less stringent. In places where such societies have been started, the agriculturists rather fare better than the rest of their brethren, and in some places even the sowcars have invested part of their balance in the societies. The more the societies are started the greater and more the benefits to the agriculturists. The agriculturists will freely resort to the societies, and the sowcars, too, finding no field for the investment of their funds will at last resort to them to invest them.

8. What is required therefore is to start more, and make a network of Co-operative Societies, District Unions, Central Banks, and I should like to add Taluka Societies. Start a society at every village, and until these societies are locally financed, finance them from the District or Central Banks. At present these societies, excepting a very few that can be counted on the fingers, have no sufficient funds and are in a starving condition, as being in their infancy, and as their benefits and safety and stability are still not known widely, they have not succeeded in inspiring confidence into the hearts of the money-owners, who are now under the impression that they are working against their interests. Again, the failure of some banks has created distrust. No wonder therefore if these monied men do not invest their funds into these societies, though a very few of them have succeeded in attracting private deposits and forced sowcars to reduce their rates of interest. However, no sooner is a society started than do the sowcars turn round and refuse to make advances to the members. It is, therefore, very essential that the societies should have sufficient funds. The question, therefore, is how to finance them.

9. As said above, the failure of some of the big banks have created distrust into the hearts of the capitalists, some of whom consequently resort to their old practice of hoarding up their funds into the ground safes. But Government in order to check this evil and to give convenience to them have raised the limit in the Postal Savings Bank. Most of the wiser capitalists do invest their funds in Savings Banks and Government Papers. Government used to give Rs. 2,000 without interest for 3 years to the new societies, but this concession they have recently withdrawn, and they have also ceased granting Takavi loans to members of Co-operative Societies. This is a sort of relief to some extent to Government. My humble suggestion, therefore, is, that they may grant some loans at reduced rates, say, at 4 or 5 per cent. to District Unions or Selected Societies directly as

the (middle) District Unions have got no sufficient funds, and charge their commission for nothing, but in order only to entertain an unnecessary establishment. These Government loans would encourage the well-working societies and make others compete with each other in obtaining Government loans, and would inspire trust and confidence into the hearts of the distrustful money-owners, and induce them to invest their money into the Co-operative Societies, as example is better than precept. These societies would serve the purpose of State Banks. The Government may then by and by, when private capitalists begin to resort to the societies, withdraw their loans.

10. Government may in order to safeguard their interests, as also to assure the money-lenders that their investment is safe, order the District and Taluka and other officers to keep an eye over them. With enough funds at their disposal and well managed and better looked after these societies will serve as State Banks, advance money to, and receive deposits from thrifty agriculturists at lower rates for purchasing seeds, cattle, implements, &c., and discharge their old debts. This would open the eyes of the sowcars, who seeing that even Government is investing their money with these societies, that their old customers have forsaken them, and that their money is lying useless with them, would with no doubt at last resort to, and invest their money with the societies or find out other industries. Unless this is done, I am sure our District Unions and even the Bombay Co-operative Central Bank would not mend matters more.

The agriculturists will thus with the monetary help from the Co-operative Societies, and under the sympathising and fostering care of the District and Taluka officers, in a short time completely emancipate themselves from the tyrant clutches of the sowcars and be free from debt. The sowcars, too, then will turn as their friends and will co-operate with them. And in 15 years hence the agriculturist will start afresh with clean sheets, and will be further assisted by cattle insurance and cattle breeding and many more Co-operative Societies.

One thing more which I omitted to mention above. The Central Co-operative Bank now takes much time in verifying the property list of the Societies asking for loans which consequently are delayed. To avoid this Government may kindly order the Taluka officers to do this for the Central Bank, who may grant some extra remuneration for it.

To sum up, then educate the mass, make a network of Co-operative Societies, finance them for some time by Government loans at low rate of interest, and let the Government officers supervise them to inspire confidence in the hearts of the money-owners. I would therefore respectfully propose that—

- I. Government may kindly for sometime grant loans at reduced rates to the Central Bank or selected societies.
- II. That Government may kindly order the Taluka officers to supervise the Societies and verify the property list at an extra remuneration.

NARAYAN LALLOOBHAI DESAI.

MAHUDHA : }
 July 9, 1914. }

APPENDIX VII.

Co-operative Cattle Insurance.

By Major G. K. Walker, C.I.E., F.R.C.V.S.

I. INTRODUCTION.

1. The material benefits to be derived from co-operation in agriculture are fully recognised in those countries where it has been adopted. It has been found to put fresh life into agriculture, and it has been particularly beneficial to the small farmer. Agricultural Co-operative Societies have been formed for a great variety of purposes. They provide credit, buy, sell, and distribute produce on favourable terms, store grain, improve the breeds of farm stock and insure property against various kinds of risks. The last-named branch of usefulness in its application to cattle is the subject of this paper.

In India the loss of his oxen is very disastrous to the small agriculturist. Without draught cattle he cannot till his land or move his produce. Periodical famines and pestilences occur in addition to ordinary risk. The price of cattle has gone up and is not unlikely to increase further. To repair exceptional and unforeseen losses of cattle it may be necessary for the small farmer to pledge his credit. A more desirable solution is advocated. By means of a well-organised system of cattle insurance a man can, in exchange for a small premium, provide himself with the necessary funds to replace his animals. A Cattle Insurance Society working in conjunction with a Cattle Breeding Society is an almost ideal arrangement that may be brought about in due course in favourable localities.

It is proposed to commence by providing an economical system of insurance against losses of cattle by means of co-operation.

There are other advantages to be derived from a system of this kind. Co-operation tends to create a bond of identical interests among the members of its societies. It teaches the value of mutual help and spreads education. A system of mutual insurance of cattle is bound to cause greater attention to be paid to the conservation of the lives of valuable animals. Public opinion demands that animals insured in a mutual society are properly housed, tended, and fed, and that every possible advantage is taken of scientific knowledge in regard to the prevention and cure of disease.

A well organised and efficient veterinary service is a necessary adjunct in any scheme of cattle insurance, and every society should realise the need of obtaining expert assistance and advice in the care and treatment of its insured stock.

It is proposed to describe shortly what has been done in other countries in regard to cattle insurance, and then to discuss the means at our disposal for instituting a scheme in the Bombay Presidency suitable to its special requirements.

II. CATTLE INSURANCE IN OTHER COUNTRIES.

2. In many Western countries the success which has attended the formation of Co-operative Cattle Insurance Societies has been very remarkable.

It is apparent from the available literature that in most places insurance was co-operative before it became commercial, and that as a rule it was conceived under Government supervision and with State assistance.

Insurance has now become very general, and is exploited largely by Joint Stock Companies which insure against a great variety of risks. These organisations undoubtedly serve a useful purpose, but as they are interested in making profits and spend considerable sums in managing expenses, which the insured has to pay for, they are not likely to appeal to the small agriculturist in the same way as co-operative insurance does.

Joint Stock Companies are not usually very keen on live stock insurance, as it entails considerable local supervision of a special character in order to prevent fraud.

The consequence is that mutual live stock insurance flourishes and appears likely to continue to do so.

3. Mutual cattle insurance exists in England, Germany, France, Italy, Austria, Norway, Sweden, Denmark, Holland, Belgium, and Switzerland. It is most developed in Holland, Belgium, France and those countries advanced in agriculture. In the small country of Belgium (11, 373 sq. miles) alone there were in 1909 no less than 1,142 cattle insurance societies comprising 1,01,709 members and insuring 2,94,583 cattle of an average value of Rs. 200 each. In addition there were 170 horse and numerous goat and pig societies. In France in 1910 there were 8,428 cattle societies and 58 re-insurance societies. In Italy there is a very large number of societies, and federation is largely resorted to. In Germany there are over 8,400 societies, the majority of which are small local organisations.

"There is a consensus of opinion in Germany that this form of organisation is the best. The members can observe and supervise the care given to insured animals, and the action taken when anything occurs, and it is to their interest to do so. They are also in a position, without incurring any appreciable expense, to estimate correctly the value of the animals both upon insurance and in case of loss. Its drawback consists in the fact that the risk is covered by too small a number of

animals and in a too restricted area. Should numerous losses occur more or less simultaneously local associations may not be able to meet their obligations. It is considered advisable, therefore, for local societies to establish schemes of re-insurance, either by combining among themselves or by arrangements with large insurance undertakings or with the State."—(Oahill).

4. In some countries cattle insurance is State-aided and in some it is compulsory. In others the State organises insurance by establishing institutions or federations (central societies) formed of the local mutual societies which adopt the model articles approved by the institution to which they are attached. A proportion of the premiums received by the local societies is paid to the central society which bears the same proportion of the indemnities. In this way a wide tract of country is covered and the risks diffused.

A few years ago the Prussian Saxony Chamber introduced a system of re-insurance for the local associations in the province. A number of these associations were formed into a union, and all with excess of receipts over expenditure had to pay the balance to the union for the purpose of covering losses of those associations in contrary case.

5. Premium rates (tariffs) have to be fixed in accordance with the risks involved and the experience gained. In some cases compensation is not paid for animals lost from epidemic disease and in others certain diseases are excluded. The average mortality in Belgium in 1909 was 3.36 per cent., and the average rate of premium was 2 per cent. of the value. In that country epidemic disease is well under control and famine is unknown. In Burma, where there are some 50 societies, said to be doing well, a premium of 3 per cent. for plough cattle has been recommended, which is to be increased to at least 6 per cent. if rinderpest is included. In Bohemia the rate of premium is fixed every five years, based on the results obtained.

6. In most countries very young cattle and old cattle are not accepted, and no indemnity is paid on insured animals that have died from the results of war, riot, rebellion, theft or loss by straying, fire, lightning, and flood. In Bohemia in the case of live stock insured for the first time the insurance only comes into force 15 days after valuation. This is a kind of quarantine to guard against disease in the incubative stage and appears to be very sound. Everywhere fraud on the part of the insuring member invalidates the insurance, and no compensation is paid if the death be clearly due to neglect.

7. In most cases all eligible healthy cattle of a member have to be insured and not merely a selection. This is to prevent fraud. Sickly beasts are excluded. To ensure that the owner will tend a sick animal properly and not let it die so as to obtain the insurance money, societies never pay the whole value but a proportion, varying from 60 to 70 per cent. Most societies fix a maximum value for which an animal may be insured. The owner states the value and this valuation is checked by the experts or committee, whose valuation holds good.

8. Valuations are checked every six months in some societies and altered, if necessary, before the half-yearly premiums are paid. In mutual insurance societies the officials give their services gratuitously, but the Secretary may be paid a small sum. Every member joins for a year. After receiving any indemnity he must continue his membership for 3 years. In all cases a reserve fund is accumulated out of the balance left over after paying indemnities. When there is a reserve fund an entrance fee is usually charged to new members. Societies are always limited and therefore not responsible beyond their resources. If funds do not suffice a proportionate reduction in the indemnities is made all round.

9. In a few societies there is no common fund, but the owner of an insured animal is compensated when death occurs by levying a subscription on all the members to make up the value. This system is not favourably regarded by authorities on the subject of mutual insurance.

It is apparent that a system of cattle insurance by mutual co-operation in small localities is a most beneficial undertaking and not difficult of application, provided that the tariffs can be approximated to the liabilities. That desideratum has been successfully accomplished in Europe, and it remains to achieve the same result in India if possible.

III. THE APPLICATION OF CATTLE INSURANCE TO INDIAN CONDITIONS.

10. Organised co-operation in India dates from 1904, when the Government of India passed Act X of that year "to encourage thrift, self-help and co-operation among agriculturists, artisans, and persons of limited means, and for that purpose to provide for the constitution and control of Co-operative Credit Societies." This Act only dealt with the problem of credit, but the success that was attained opened up further possibilities.

In 1912 a new Act (II of 1912) called the Co-operative Societies Act, which was more comprehensive in its application, came into existence. The new Act applies not only to Credit Societies but also to Co-operative Associations organised for purposes of distribution, production, insurance, &c. Such Associations are required to be based on co-operative principles. It is not intended that they should become close co-operations for the benefit of a few individuals. The new Act recognises the existence of central societies for the express purpose of benefiting other societies of co-operative character.

Simplicity and elasticity in rules passed under the Act are aimed at. It is recognised that it is essential to start cautiously and to progress gradually. Failures discourage, and instead of teaching the people to help themselves have the contrary effect.

It may be conceded that mutual cattle insurance on sound lines is very desirable in India, and it is now necessary to study the means of applying it successfully.

11. The construction of any scheme of life insurance requires for its foundation as correct an estimation of the death rate as it is possible to make. The changes of saving life by practicable methods have to be calculated at the same time.

In India the absence of accurate and complete statistics in regard to the mortality of cattle complicates the situation.

Epidemic disease is common and is so irregular in its incidence and in its effects that even when statistical information is available, the prospect of an exceptionally unfavourable outbreak has to be considered and if possible, provided for. Relief in the shape of advice and treatment is the duty of the veterinary department. Its scope is somewhat limited at present, owing to its numerical inadequacy and the unwillingness of the more ignorant to take advantage of its assistance. Modern methods of controlling and preventing the spread of disease are not always popular, as they frequently entail individual inconvenience. There is hope for the future, however. It is the expressed policy of Government to provide more veterinary assistance gradually, and there are distinct signs that the people themselves are inclined to welcome the work of the department. As already stated the educative value of co-operation is a great factor in enlightenment. The department has at its disposal the means of providing relief in many cases. In the absence of effective legislation the public spirit of individuals is looked for to enable them to be carried out. When the funds of a community or society are likely to be affected, it is expected that wholesome pressure will be brought to bear on individual members who, from prejudice or indifference, are not inclined to take advantage of measures for the public good.

It is obvious that if epidemic disease is to be included in the risks undertaken by insurance societies in India, the tariffs will usually have to be rather high as compared with countries where it is not so serious, and where in many cases compensation is given by the State. In Burma, as already stated, rinderpest is excluded as a rule. If it is included a high tariff is required.

12. Although many authorities are very adverse to inordinate risks being taken in any scheme of cattle insurance, the writer considers that it would be a mistake to exclude epidemic disease in India except in particular instances which will be mentioned later.

Unless the risk of epidemic disease is included the benefits of insurance would be greatly minimised.

Such a provision will be of real help to the people, and if successful popularise it greatly.

There are other difficulties in the way of exclusion also. If one or more diseases are excluded differences of opinion in diagnosis are bound to occur, which would probably lead to considerable friction. Even professional men are capable of making mistakes in diagnosis, and this factor might easily lead to difficulties. In India some outbreaks of epidemic disease are very mild in character and simulate death from natural causes or ordinary non-infective disease.

13. A short account of a few main features connected with the principle cattle diseases as they affect insurance may be useful.

The principal epidemic diseases to which cattle are liable in India are rinderpest, hæmorrhagic septicæmia, anthrax, black-quarter and foot and mouth disease.*

Rinderpest is a disease which may cause extensive mortality, and as a rule attacks all the cattle in the locality that are not immune. In the plains about 50 per cent. of those attacked die, and in the hills the mortality is often as much as 90 per cent. For that reason it would be unsafe to bring cattle in hilly tracts into any scheme of insurance at present. Such are not very valuable animals as a rule.

Young animals die more frequently than old ones, and the mortality rate can therefore be lowered if they are excluded. Preventive inoculation can be performed in this disease. With the usual method adopted protection for a short time only is given. Early information to the Veterinary Department and the acceptance of its remedial measures will result in the death rate in this disease being greatly reduced.

Hæmorrhagic Septicæmia is a very serious disease in some localities. It attacks buffaloes mainly. For that reason it is doubtful if these animals ought to be invariably accepted.

This disease is periodical in many places and the mortality of animals attacked is usually about 90 per cent. It does not go through a herd like rinderpest, however, and draught bullocks do not appear to be very susceptible. A good deal can be done to prevent its occurrence by attention to sanitation and the provision of a clean water supply. Preventive inoculation can be practised, but the peculiar nature of the disease in respect to its occurrence rather depreciates the practicability of the method.

Anthrax occurs in some districts principally in the Carnatic. It is sometimes confused with the last-named disease. It is not usually seen in buffaloes. In other respects the remarks under hæmorrhagic septicæmia regarding mortality and prevention apply.

Black-quarter mainly affects young animals up to four years of age. The areas in which it occurs can usually be specified. The risk of adult animals becoming diseased may be accepted except in notoriously bad places. Vaccination against this disease is frequently practised.

Foot and Mouth Disease causes more inconvenience than mortality.

Diseases due to external and internal parasites may be regarded as epidemic diseases also. Exceptional mortality from them is rare in adult cattle. Errors of diet, accidental poisoning and such like are fair risks, provided no excessive carelessness can be proved.

The risk of famine must be taken. In such an event Government assistance and private charity might be invoked justifiably.

* The vernacular names of these diseases are given in Appendix III.

14. In view of the above it is obvious that the fixation of an equitable tariff is a problem involving some difficulty. Local conditions must be carefully considered. A great deal must depend on the intelligence and foresight of the organisers. It is obvious that it would be extremely short-sighted to start a society in a locality subjected to periodical epidemics of a serious nature. It is not usual to find a good class of cattle in such places. It does not seem worthwhile to start a society unless the cattle are fairly valuable.

The inclusion or otherwise of buffaloes is a matter for serious consideration in a locality where hæmorrhagic septicæmia occurs periodically.

15. It is recommended that except in special cases, the risk from epidemic disease be undertaken. Should unforeseen or exceptional mortality occur in the early days of a society it would be very unfortunate and liquidation might result. In that case a *pro-rata* distribution of funds would have to be made, and so long as this was done fairly no great harm would have been done. The remaining cattle would probably have attained a high degree of immunity, rendering them insusceptible to that particular disease at any rate. If confidence could be resorted to the society could be started again with that much in its favour. Every society that could tide over the first few years successfully without a serious epidemic to deplete its resources would be able to build up a reserve fund and would then be in a strong position.

16. It is suggested in the model By-laws which are appended to this paper that a tariff of 5 per cent. on the value of each animal be levied. This premium is intended to cover risks from epidemic disease, subject to certain conditions mentioned in the By-laws. It is for members of societies to decide, after mature consideration in the light of their experience of the local conditions, if the rate is suitable.

It is considered advisable to limit insurance to certain classes of cattle until further experience has been gained. In India draught cattle receive most care and attention and they are most easily indentified.

17. Very young and very old animals should be excluded. A suitable limitation of age, to commence with at any rate, is from four to twelve years.

The simplest way to age an animal of four years old is by its teeth. In India the permanent lateral incisor teeth are generally cut at about 3½ years old and are in wear at 4 years, i.e., at 4 years old the animal has 6 permanent incisor teeth and 2 milk teeth. It is not possible to tell the age by the teeth with accuracy after six years old, but a rough estimate may be made. When there is any doubt about an animal being under or over 12 years it would be wise to exclude.

18. Some safeguard against the possibility of an indemnity having to be paid for an animal that had the seeds of disease in it at the time of examination and valuation is necessary. The model By-laws provide for this (By-law 3). They also provide for the exclusion of certain risks which no society or company ever undertakes except under special terms (By-law 4).

The owner of an animal must adopt necessary prophylactic and remedial measures, and legitimate pressure should be brought to bear on him if he is obstructive. To guard against dishonest practices a proportion of the value of an animal should be paid only and a maximum sum fixed.

In course of time it might be possible to relax the stringency of some of the conditions.

19. No society should be started unless at least 100 cattle are to be insured, and there should be at least ten members.

Large societies with many members are not indicated, however. It is necessary to keep down the expenses of administration, and it is very important that all insured animals should be under the eye of the society to avoid fraud. The scope of a society should be restricted to the village area therefore.

The valuation committee has most important duties to perform. The members must give their services gratuitously to keep down expenses. When a society is confined to one village the work is not onerous. The Secretary may be paid a little as he has to keep the books of the society.

The success or failure of a society will depend to a great extent on the efficiency of its valuation and managing committees. When a death occurs, one or more members of the valuation committee must see the carcass and give the necessary certificate. The managing committee have to supervise the decisions of the committee of experts and verify them when there is any doubt on either side. They have also to make any sanitary regulations that are necessary, and see that all insured cattle are properly looked after. If feasible, new purchases should be segregated for ten days before they are allowed to mix with the village herd, to avoid the risk of epidemic disease. Itinerant cattle dealers should be obliged to keep their cattle away from villages. Their herds are frequently infected with disease and responsible for spreading it. Indemnities should be paid as soon as possible, but in the case of epidemic disease a little delay is advisable for two reasons, one being that in serious epidemics a *pro-rata* distribution of funds may be necessary, and the other, that it is better to put off the replacement of animals for some time when a village has been infected with epidemic disease.

Accounts must be kept methodically. Convenient forms will no doubt be prescribed by the Registrar to suit the By-laws which may finally be settled.

IV. CONCLUSION.

20. It is hoped that mutual cattle insurance societies will soon be started in the Bombay Presidency.

The model By-laws which form Appendix I of this paper have been drafted in collaboration with Mr. Ewbank, the Registrar of Co-operative Societies, and the Burma scheme has been freely adapted.

Any group of cattle owners desiring to form a society should first consult the Registrar or Local Honorary Organiser, who will visit the village. An informal meeting of persons owning altogether not less than 100 cattle should be called, and after making such alterations in the model By-laws as are necessary to suit local conditions, at least 12 of them should sign two copies of the proposed By-laws and submit them to the Registrar in the form prescribed by Government.

Societies should not be started unless there is a veterinary dispensary in charge of a veterinary assistant in the neighbourhood, *i.e.*, in the Taluka or within ten miles. For convenience of reference a distribution list of the veterinary dispensaries at present established in the Presidency proper is appended (Appendix II).

Eventually Central Societies will be formed no doubt. Not less than twenty societies should be federated for this purpose.

It would be advisable in this case to cover a large area, or better still, for a proportion of societies in several detached districts to combine. In this way the financial risk attending a series outbreak of disease or famine in any one district would be minimised. The success of mutual cattle insurance in India must obviously be somewhat problematical for the present, as it will depend so much on the fortune attending the early history of societies. Care in fixing the tariff and caution in selecting areas are strongly indicated. Every advantage should be taken of modern methods of preventing and curing disease, and great attention should be paid to the hygienic conditions under which insured animals are kept. The formation of Central Societies should eventually make for security.

It is expected that progress will be slow at first and indeed that is desirable. The experience gained by the older societies will be very valuable to the younger ones.

The small agriculturist has a lot to gain and very little to lose from a well-organised system of cattle insurance.

Something will have been achieved if this paper clears the way by bringing about constructive criticism and the writer feels that he has been amply rewarded.

APPENDIX I.

1. Model By-laws for a Co-operative Cattle Insurance Society.

The society shall be called The _____ Cattle Insurance Co-operative Society, Limited. Its Registered address shall be _____

2. The object of the society is to provide for its members an indemnity in case of the loss of draught cattle, by death, from disease or accident.

II. Scope and Conditions of Insurance.

3. The society will accept for insurance healthy bullocks and male or female buffaloes between the ages of 4 and 12 years. Any animal may be admitted that has six permanent incisor teeth.

In the case of animals insured for the first time the insurance will not come into force until 10 days after valuation and registration.

4. The society will pay indemnities for the death of all animals except those dying from the following causes:—

(a) War, riot and rebellion.

(b) Theft or loss by straying.

(c) Journey by railway.

(d) Act of a third party who is legally liable to pay compensation to owner.

(e) Contagious disease, where the member has failed to carry out any prophylactic or curative measures advised by the Veterinary Department, provided that they have been accepted by the committee and communicated to the owner by it in writing.

5. The indemnity payable shall be two-thirds of the value of the animal as fixed at the last annual valuation, subject to the provision that it shall in no case exceed Rs. 100.

6. The owner is bound to inform the committee of all cases of illness as quickly as possible, and to carry out its suggestions for treatment.

7. If the committee think veterinary assistance necessary they may call in the veterinary assistant. If they are required by the Superintendent, Civil Veterinary Department, to pay the expenses of the visit, the amount shall be borne equally by the society and the member.

III. Membership.

8. Membership of the society shall be confined to residents in the village.
9. All respectable persons, above eighteen years of age, who own plough cattle in the village are eligible for admission. The application for membership must be signed by the member and approved by a majority of the committee. An entrance fee of Re. 1 must be paid.
10. A member must continue to belong to a society at least for two years after he receives any indemnity from it, provided that he continues to own cattle in the village.
11. A member may resign his membership, with the approval of the committee, after three months' notice, provided that he has first discharged all his liabilities to the society.
12. A member may be expelled by the committee subject to appeal to the next general meeting for ill treatment of cattle, fraud, or deceit, or breaking rules, or refusing to carry out the sanitary orders of the committee.
13. On the withdrawal or expulsion of a member any policy held by him is immediately rendered void.

IV. Valuation.

14. An owner wishing to insure any of his cattle, shall declare the age, value, and description of the beast; deceit in this declaration, if it misleads the valuation committee, will invalidate the insurance.
15. The value of each beast accepted for insurance shall be fixed annually by the valuation committee [appointed under By-law 34 (b)]. The age shall be fixed on admission and shall be subsequently indisputable.
16. All insured cattle shall be branded with the society's mark on the right fore foot and their description registered.
17. Animals in bad condition or of more than 12 years' of age, shall be refused admission, or, if already insured, re-insurance at the end of the year, provided that if any animal rejected under this rule dies within one month of the date of rejection, the owner shall receive three-fourths of the indemnity that would have been payable immediately before the rejection.
18. Animals bought to replace animals sold can be substituted, provided their value is practically the same.
19. No refund of premium is allowed if the animal insured is sold by the owner. The policy will continue in force provided that the animal is not removed from the village.
20. The valuation committee shall not value their own cattle. This shall be done by the managing committee.

V. Funds.

21. The annual premium shall be 5 per cent. of the value of animals as annually determined by the valuation committee. The premium shall be payable in advance in two half-yearly instalments, on April 1st and October 1st.
22. If any premium is overdue by more than 30 days the policy lapses and the member can get no indemnity.
23. If a member wishes to move any insured beast for more than 7 days not less than 10 miles beyond the limits of , he is bound to inform the managing committee and to pay such enhanced premium (if any) as it may fix.
24. The funds of the society shall be :—
- (1) The general fund, i.e., the amount paid on account of premia during the previous and current year.
 - (2) The reserve fund, which shall consist of :—
 - (a) Fines.
 - (b) Entrance fees and donations.
 - (c) Net balance for the year before last remaining over after paying all dues.
 - (d) Interest on any sum invested.
25. At least half of the reserve fund shall be deposited on one month's notice in the Bombay Central Co-operative Bank. The remaining funds shall be kept in the Post Office Savings Bank.
26. The reserve fund can be used for paying indemnities only with the approval of the Registrar after the general fund has been exhausted.
27. The liability of members is strictly limited to the amount of premiums payable by them under By-law 21.

VI. Indemnities.

28. The owner of a beast which has died must inform the Secretary of the society of the fact of death within 24 hours. He must produce the carcass before a member of the valuation committee within 48 hours of death, and must answer truly all questions put to him.

INDUSTRIAL INDIA OF THE PAST.

We are noted as a race of people gifted with skill & intelligence equal to if not higher than, any other human race. Our civilisation began very long before the present progressive countries of the world saw the dawn of civilisation; mining & metallurgy, silk, cotton & wollen ware, pottery, etc were known as in our pre-puranic times. Nature was critically studied by our ancestors and the resources of the country were as far as possible fully utilised to promote the comforts & the conveniences of the people according to the necessities & notions of the times. The mention of various jewellery of gold in the Rig-Veda shows that precious metals & their use were known to our people thousands of years ago. In the MAHABHARATA at the gambling match at Hastinapur, YUDHISTHIR is described as losing first a very beautiful pearl, next a bag containing a thousand pieces of gold, next a piece of gold as soft as wax next a chariot set with jewels & hung all round with golden bells. Our people knew of lotas, balls, dishes, candle sticks, images of gods, bells, spoons, etc of brass, many centuries ago. Major Hay discovered a brass lota 1500 years old in 1857 in Kundalah in Kulu. Copper ~~statue~~ statue of Budha at Sultanganj now in private hands in Birmingham, is said to be the largest metal works of ancient times, extant in India, and a monument of the early proficiency of the Hindus in melting & casting metal. "The iron pillar ~~at Delhi~~ at Delhi about 1600 years old," observes Mr Ferguson, "opens our eyes to the state of affairs of the Hindus at that age, who were capable of forging a bar of iron larger than any that has been forged in Europe up to a late date. After an exposure of 1600 years it is still unruined." Copper mining & brass making were practised in many parts of India many centuries ago. There are signs of copper mining in Rajputana, Kashmere, Patiala, Kulu, Sikkim, & Kumaun in the Himalayas. Old workings in iron mines are still to be found in almost every ~~district of India.~~ district of India. Steel of fine quality used to be forged at DEVALGIRI Nagpur, and many other places. Indian steel furnished the materials out of which Damascus blades, with a world wide reputation, were made. Beautiful glass bangles used to be made at Rampur, Meerut, Multan, Lahore, Patiala, Panipat, Banda, Lucknow, Kapadwang and many other places. Glass beads, bottles & looking glasses were made in ~~Khandesh, Ratnagiri, Mysore and other places.~~ Mysore and other places. Our Shilpa Shastra shows that our ancestors knew of architecture, and the too numerous buildings in almost every part of the country are the monuments of the perfection of Indian architecture in ancient times. India is the first of all countries that perfected weaving, and the art of its gold brocades and filmy muslin is even older than the code of Manu. We have amongst us for thousands of years ivory makers, perfumers, goldsmiths, blacksmiths, carpenters, painters, musical instrument makers, makers of figures, cutters of crystals in layers, and others.

INDUSTRIAL INDIA OF THE PRESENT

Up to the middle of the 18th Century India was noted for all her industries. She enjoyed a pre-eminent position as a manufacturing country and supplied her goods to many distant lands. Through Indian goods finding entry into Greece, Rome and Egypt, some centuries before the christian era, India's fame as a manufacturing country and a country rich in gold, diamonds, iron and steel spread in distant lands, whose sons were always in search of an easy passage to India in search of her goods. It was in 1498 A.D. that Vasco-de-Gama first landed in India, and returned to Europe with the idea of the country's riches and manufactures.

29. The indemnity will be payable at the next quarterly meeting of the managing committee after death has been certified by the valuation committee, provided that the claim is admitted.

30. The member may dispose of the skin and carcass.

31. If the funds of the society (both reserve fund and general fund) are exhausted, indemnities for all deaths during the quarter must be proportionately reduced.

VII. The General Meeting.

32. At the commencement of each year (April 1st) a general meeting shall be held. Its duties shall be :—

- (a) To elect a Managing Committee of seven members.
- (b) To elect a Valuation Committee of three expert members.
- (c) To receive the Balance Sheets of the previous year as prepared by the Managing Committee, and to pass them.
- (d) To consider the Audit Note and any communication received from the Registrar or any suggestions made by members.
- (e) To hear and to dispose of appeals.
- (f) To appoint a Secretary and to fix his pay and bonus (if any).

VIII. The Managing Committee.

33. The Managing Committee of seven members, of which three are a quorum, shall perform the following duties :—

- (a) To hear and decide appeals from decisions of the Valuation Committee.
- (b) To elect its own Chairman, whose services shall be gratuitous.
- (c) To supervise the treatment of the animals insured.
- (d) To make sanitary rules which shall be binding on the members, and to fine members sums not exceeding Re. 1 for infringements.
- (e) To check the Accounts, and to see that no defaults in the payment of premia are allowed.
- (f) To authorise the Secretary to pay indemnities after considering claims.
- (g) Generally to carry on the business of the society.

34. The Managing Committee shall meet at least once a quarter.

IX. Disputes.

35. Disputes between the society and a member shall be settled by arbitration, the arbitrator being appointed by the Auditor of Co-operative Societies in charge of the society. The decision of the arbitrator shall be final and not removable in any Court of Law.

Signatures. 1.

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APPENDIX II.

Distribution List of the Veterinary Dispensaries in charge of Members of the Subordinate Veterinary Staff of the Civil Veterinary Department, Bombay Presidency Proper.

NAME OF DISTRICT.	NAME OF DISPENSARY.
<i>Gujarat—</i>	
Ahmedabad	... { Ahmedabad. Virangam. Dholka.
Panch Mahals	... Godhra.
Kaira	... { Nadiad. Anand.
Broach	... { Broach. Ankleshwar.
Surat	... { Surat. Bardoli. Bulsar.
<i>Konkan—</i>	
Thana	... { Palghar. Kalyan.
Kolaba	... { Alibag. Mahad. Panwel.
Ratnagiri	... { Ratnagiri. Chiplun.
<i>Karnatak—</i>	
Kanara	... Sirsi.
Dharwar	... { Dharwar. Gadag. Hubli. Byadgi.
Bijapur	... { Bijapur. Bagalkot. Muddebihal.
Belgaum	... { Belgaum Chikodi. Bail-Hongal.
<i>Deccan—</i>	
Satara	... { Satara. Karad. Islampur. Vaduj.
Sholapur	... { Sholapur. Pandharpur. Barsi.
Poona	... { Poona City. Baramati. Mancher.
Ahmednagar	... { Ahmednagar. Shrigonda. Sangamner.
Nasik	... { Nasik. Yeola. Malegaon.
East Khandesh	... { Jalgaon. Amalner. Sawada.
West Khandesh	... { Dhulia. Nandurbar. Shirpur.

APPENDIX III.

The common Vernacular Names for Epidemic Diseases in Cattle in the Bombay Presidency Proper.

RINDERPEST.

In the Deccan and the Konkan.—Devi, Devicha rog, Bulki, Bulkandi, Guracha rog, Pataki, Hagvan, Darangalya, Musalya, Dhendalya.

In the Karnatac.—Hirebyani, Maribyani, Maha rog.

In Gujarat.—Mata, Shili, Shitala, Kaka Balia, Maraki.

HEMORRHAGIC SEPTICÆMIA.

In the Deccan and the Konkan.—Galsuji, Galphula, and Naradpe.

In the Karnatac.—Cheendarog.

In Gujarat.—Galgotu, Galsunda, Undi, Awari.

ANTHRAX.

In the Deccan and Konkan.—Goli, Fanshi, Lakhya, Peloo, Sushya.

In the Karnatac.—Gallubyani, Gantlabyani.

In Gujarat.—Bhamariya, Chakrivayu, Hoomada.

BLACK-QUARTER.

In the Bombay Presidency.—Dhavra, Ghatya, and Farya.

FOOT AND MOUTH DISEASE.

In the Deccan and Konkan.—Lal, Khoorkut, Payalag.

In the Karnatac.—Kalbyani, Balbyani.

In Gujarat.—Movasa, Mova, Kharva.

APPENDIX VIII.

A NOTE ON WARPING AND YARN SUPPLY.

I. *Warping.*

In India from time immemorial the system of throwing the shuttle across the warp has been practised, and is still largely in use, although gradually diminishing by the fly-shuttle motion. This motion moves the shuttle across much quicker and is suitable for all cloths made by one weft; with multiple boxes attached to each end of the slay, would be capable of working cloths with two colours of weft.

During the last ten years the fly-shuttle motion has made much headway in different parts of India. It has been subsidised by the Bombay Government since 1912 in meeting the expenses of demonstrations which have been given in at least sixteen hand-loom weaving centres. The Government appointed three assistant weaving experts for supervising the demonstrations, paid the demonstrators' wages, cost of loom, yarns and other necessary accessories to forward on the work.

When the Government was advised to give an impetus to the introduction of the fly-shuttle loom, it was anticipated it would necessitate a more modern method of warping to keep the looms supplied with prepared warps. When the throw shuttle was superseded by the fly-shuttle motion in England, there at once occurred a great demand for a method of warping giving a much increased production; reduced the working expenses of making cloth which opened new markets; increasing the demand and the prosperity of the weavers; at the same time causing the weavers to cry out against the ancient custom of warping being much too slow to supply sufficient warps for the new fly-shuttle system of weaving. At this time many inventive minds were turned to the question of trying to introduce a new and quicker process of warping.

Warping consists in arranging the threads according to number and colour, or in any special manner that may be necessary, and to keep them in their relative positions after they have been so arranged. The warps vary in length, the number of threads according to the type, texture and width of cloth. The process of hand-warping in India has been in use from time immemorial. In some homes the warp or threads lengthwise of the cloth are warped by the weaver on a wall. A series of pegs are used to make crossings to keep the threads in their correct relative order. This arrangement allows a warp of about nine yards to be made. When longer warps are required the warping is done in the road or in any open space of the required length. Two pegs are fixed in the ground, every one a half to three yards apart, the number of pegs used being determined by the length of the required warp. Two reels are carried by the warper, one in each hand, who passes one thread to the right of one peg and the other thread is passed to the left side of the second peg; this is repeated throughout the series of pegs. Passing the two threads around the pegs in this manner and by inserting cords through the crossing made by the pegs before the warp is gathered keeps all the threads in their relative positions for the subsequent processes of sizing, tying, and weaving. But for the crossings having to be made every $1\frac{1}{2}$ to 3 yards in making warps for the hand-loom weavers of this country, a machine for this purpose and for use in this country would be the ordinary circular warping machine as used in the eighteenth century in England would be suitable. In England, during the period of hand-loom weaving, two crossings only were made at the ends of the warp.

The difference in the number of crossings required in making a warp for the weavers of this country and England is explained by the difference in applying the dressing. In this country the dressing and brushing is done out in the open eight months of the year, and the crossings are necessary to assist in keeping the correct relative position of broken threads. If a number of threads be broken during this process, the breakage will be between two crossings one and half yards apart, the dresser can tie the broken threads without fear of disarrangement. The climate of England is against dressing the yarn in the roads or open places, so the hand-weaver has to dress the warp in the loom. There are at least two yards between the healds and the back support for the yarn in the loom; between these two parts two or more rods were used to keep broken threads in their relative order. The length of yarn in the stretch was dressed by the weaver and made into cloth.

It may be asserted with confidence that the Indian method of warping and dressing was in quality and output superior to those in vogue in England up to the end of the eighteenth century. After this period we find that the English weavers changed their methods. It commenced with the invention of the fly-shuttle motion in 1738, owing to the increased production of cloth in a given time. In the years from 1768 to the end of the century, says Radcliffe, "the operative weavers on machine yarns and improved motions both as cottagers and small farmers, even with three times their former rents,..... might be truly said to be placed in a higher state of wealth, peace and godliness by the great demand for and high price of their labour than they had ever before experienced."

John Kingan told the Committee on the hand-loom weavers of 1834, sometime after the introduction of the fly-shuttle, warping mill, and dressing machine, "the wages of weavers doubled and trebled in fine weaving." In the muslin trade which began in England about 1770, says French, "the operatives brought home their work in top boots and ruffled shirts; they had a cane and took a coach in some instances, and appeared as well off as military officers of the first degree, and would smoke nothing but long church-warden pipes." It is obvious from the above statements that the introduction of new motions did not reduce the price and demand of labour. On the contrary, it gives such an impetus to the trade that many old buildings were turned into hand-loom factories. In the seventeenth century the Town Council of Glasgow, with the help of private enterprise, turned a great building which had once belonged to a prebendary of the cathedral, into a weaving factory.

The change from hand to machine warping is not an experimental one, as it passed through that stage in England 200 years ago, and achieved success wherever it was given a fair trial. It imparted new life to this industry. Had it not been taken up by the English weavers the cotton trade would have been stunted in its growth, and compared with its present state must have become an object of only minor importance from an industrial point of view. Except the steam engine nothing has contributed more to the pre-eminence of England than her cotton workers changing from the uneconomical methods of working during this period. Is it not possible for Indians to make a change from ancient customs? Zealous patriots have for many years been exclaiming against the ascendancy of Lancashire cottons, yet very little has been done to make India more pre-eminent in the textile world. In comparison with other movements very little has been done to arouse the latent inventiveness of the actual workers of this country. The best way to arouse the spirit of activity amongst these workers is to demonstrate to them in a practical way improved motions which are beyond the experimental stage. We cannot do better than take in their midst a warping machine which will offer the least resistance to ancient warping. The old English warping, arranged so that crossings can be made as required by the local weaver, will serve the purpose. Cost of the machine will be about Rs. 60 to 65. The machine should be worked for at least four to five months in about a dozen of the most prosperous hand-loom weaving centres. The men in charge of the work must be skilful, and be able to mix amongst all classes of people and understand the method if the best results are to be secured. It will be best to train a few workers in the Government Weaving Schools, and during the training period a fixed wage paid to them, because workers on new machines will be for a time worth less than their wages, especially if skilful hands cannot be secured for the new work. In some of the schools there is a machine of this type.

This machine will supersede the ancient method of warping in India, therefore, we may expect persistent opposition from the weavers and others to this mechanical method of making the crossings, as the chief opponents against invention in England were the hand-loom weavers. Kay's loom with the fly-shuttle attached was smashed a few times by infuriated weavers. This is not surprising, especially in view of the common ignorance, prejudice and antipathy. As has been previously observed, "Mankind generally condemns that which they do not understand." To overcome this opposition the process must be demonstrated to the interested workers during the initial stages, that they will suffer no loss in acquiring the new method.

It is anticipated that this method of warping will be the means of centralising warping in the handloom weaving centres. In a short time the individual weaver will find that the work will be done cheaper and as efficiently in relation to quality as by the ancient method. Making warps in a central establishment will offer no great difficulty, as the patterns and quality in this country seldom change.

II. Yarn Supply.

The first essential in introducing any new system amongst a body of workers is to obtain their confidence. Perhaps nothing would go further amongst the hand-loom weavers of India in attaining this object than releasing them from the thralldom of the sowcar, who at present supplies them with yarn. There is no one knowing the condition . . . unless it be the sowcar himself . . . who would not admit that the sowcar is looked upon by the hand-loom weaver as a necessary evil and one they would be gladly rid of.

However, it is one thing to be fully alive to an existing evil and oft-times quite another proposition to evolve a remedy. In the case of the hand-loom weaver it will be no easy thing to bring about the remedy, although the remedy that will be proposed in this paper is quite a simple one itself.

The four chief things that one has to look to overcome are, long usage of present methods; the conservative habits of the people; great ignorance; and prejudice against any new method or system.

The way in which the hand-loom weaver at present gets his supply of yarn is very costly, and in other particulars quite unsatisfactory.

Not infrequently it is found that the hand-loom weaver is originally indebted to a sowcar for purely domestic reasons, such as a marriage and the accompanying festivities. This at once places the hand-loom weaver at a great disadvantage with the sowcar, who is the prospective supplier of yarn, by means of which the hand-loom weaver has to look to earn sufficient for his own maintenance and that of his family.

As the hand-loom weaver has already been constrained to borrow money of the sowcar, it goes without saying he has no cash with which to purchase his first supply of yarn to carry on his calling, therefore, he must take this first supply, for which he contracts a further loan at interest varying from 10 to 25 per cent., and entirely dependent upon first, his impecuniosity, and second, his former relations with the sowcar.

The hand-loom weaver having made his cloth has to find a purchaser—although it should be mentioned the sowcar usually stipulates that he has the first call on it, which right of course he will only exercise if it is profitable to him—now having bought the yarn with say 15 per cent. profit on it to the sowcar plus an average of 20 per cent. for interest on the loan for the purchase of it. It will readily be seen that the hand-loom weaver comes to the buyer as a vendor of cloth at a tremendous disadvantage, and he must consider himself fortunate indeed if he can sell at any return above a mere pittance for his labour. If he cannot possibly find a purchaser in the bazar he is constrained to return to his whilom friend the sowcar, and suffer his substance to be further shrunk to enable him to escape with a fresh supply of yarn, if without a profit on his previous venture. Of course occasionally the market is in favour of the hand-loom weaver, when notwithstanding his weak financial condition he is enabled to make a profit. It is quite conceivable that some one may suggest as a remedy for this state of things that the sowcars should combine and

become, as it were, the manufacturers and employ the hand-loom weaver as workmen, but this would not suit the sowcar. He is much more contented that the weaver takes the risk and suffers the losses as at present, than to take these things upon himself, and it may be noted that where the real mill system is introduced it means the exit of the sowcar.

Some one may suggest the proper way to deal with this subject is by the introduction of the factory system, but even this is not the remedy, as whilst the mills are quite satisfactory for making certain kinds of cloth, the class of work done by many hand-loom weavers could not be done on power looms as used in this country, but only upon highly-complicated machines; therefore, it will be seen the hand-loom weaver fills his place in the general scheme of things, and it is our duty to make his burden as light as possible.

Although the hand-loom weaver is heavily handicapped by his poverty and his habits of drinking and dishonesty, it cannot be denied that he is generally a much more skilful weaver than the average weaver in a powerloom factory, and that if the introduction of any new idea or useful method is sufficiently demonstrated by a competent and sympathetic authority, there is every reason to believe that his conservative spirit and general antipathy to anything new would be overcome, and that virtually a new body of citizens would arise and fill the countryside, to the great advantage of this country and most certainly to the weavers themselves.

However, the personal condition of the weaver is not the only factor one must emphasise in anticipating a betterment of his conditions; two others at least must of necessity be considered; they are what is technically known as the 'count' of yarn and also the number of hands or agencies the yarn has to pass through after it leaves the spinner.

The village sowcar obtains his supply of yarn from his agent in Bombay, who is prepared to supply the numerous qualities and kinds in very small or larger quantities as required, the agent obtaining his supplies from the wholesale merchant, who in turn has obtained it from an importing commission agent. Thus it will be seen there are four different distinct profits to be met between the yarn leaving the spinner and reaching the hand-loom weaver, of which it is maintained three can be saved if proper methods are adopted.

There should be 840 yards in a hank of yarn, and the number of hanks there are to the pound is known as the 'count,' which has a very important bearing on the prosperity or otherwise of the hand-loom or power-weaver. For instance, the weaver may wish to make cloth of 20's yarn; he gives the order to the agent, and through him it eventually reaches the spinner. Now it will readily be understood that 18's yarn will be heavier, having more substance, therefore easier to spin naturally. This is what the spinner prefers, so he spins 18's instead of 20's, but to enable him to supply the merchant, &c., with the number of hanks to the pound as ordered, instead of supplying, as might be supposed he would do, one hank less to the pound, and giving the correct weight which he does in either case, he puts 800 yards to the hank instead of 840. This circumstance does not affect the middle-men at all, as they get what hanks per pound they ordered, and of course supply the weaver with them. The poor and often helpless hand-loom weaver is the sufferer from this whim of the spinner to the extent of 40 yards of yarn per hank, that is, when 20's were ordered. Forty yards per hank means 2,40,000 yards loss to the weaver per 300 pound bale.

Any re-arrangement of the conditions under which the hand-loom weaver works could not be considered complete without it provided for a rigorous inspection and testing when necessary of the actual yarn as supplied to the weaver, as only by this means can his interests be safeguarded, and the systematic trading upon his ignorance stopped.

The remedy suggested to overcome the foregoing evils is by the formation of a greater number of co-operative credit societies, with a special arrangement with an importing commission agent in Bombay, as it must not be overlooked that whereas yarns from 6's to 30's may be obtained from local spinners, counts from 30's and upwards have to be imported.

A great work has already been done in this connection by Government-aided co-operative societies, but this up to the present can only be regarded as missionary work. If the idea of small co-operative societies on the lines suggested above is, extended, it would mean the saving at least of two profits that now go to the merchants, besides saving the weaver directly in his dealings with the sowcar, a matter of at least 25 per cent. The chief advantages of a co-operative credit society for the weavers are as follows:—

- (1) The pernicious effects of usury are obviated.
- (2) Money may be borrowed at a low and definite rate of interest for purchase of yarns, &c.
- (3) Buying yarn in bulk either from the local spinner or the importing commission agent can be done when the market is most favourable.
- (4) As the quality of the yarn required is fairly constant and well known, considerable stocks could be held with advantage.
- (5) The fixed rules of the society would tend to create greater confidence in the workers and stimulate efforts.
- (6) The society would become the central cloth-warehouse for the district.
- (7) It would be able to stock cloths in times of extraordinary bad prices prevailing for short periods.
- (8) New markets could be found and constant supplies guaranteed.

In any co-operative credit society for hand-loom weavers it is most essential that separate and distinct accounts be kept for what may be termed the loan department and the yarn department, and every facility should be given to make it apparent to the weaver what his indebtedness is and how it may easily be reduced.

One of the fundamentals of any society for weavers must be the provision of a sufficient fund either by subscribing capital, loans or Government subsidy to enable the society to release the weavers from the yoke of the sowcar by paying off for him his existing loans and fixing for him a low rate of interest, that will allow him gradually to pay off the principal without preventing him having sufficient yarn to carry on his calling. The present method of buying yarn which the weaver has to practise owing to his straitened circumstances, is often painful in the extreme. Consider the feelings of a man with a wife and large family dependent upon him, being only able to secure sufficient yarn by any means in his power to make say a couple of saris; and this is not the worst feature of the situation either, for when the weaver has made his cloth he then has to take it out of his loom and proceed to find a purchaser in the bazar or elsewhere, which in some cases means a day's loss of time. Under the existing conditions the above cannot be avoided as the weaver must sell his cloth to enable him to negotiate a further supply of yarn.

The co-operative society as a cloth depot would obviate this trouble on the part of the weaver by enabling him to sell his cloth at a reasonable price promptly for cash; and by giving slightly better terms to those weavers taking a normal quantity of yarn, gradually emancipate them from this low condition of penury and in many cases abject want.

There is every reason to believe from the work that has already been done in this connection that co-operative societies for weavers will not only be self-supporting but a sound commercial proposition. To make this an assured success, however, the small societies would have to work in conjunction with a controlling or parent society that would largely manage the financial part of the undertaking, and be responsible to Government, &c., for loans; and whilst the small societies would require supervision by responsible gentlemen who must be commercially and technically well informed and be in entire sympathy with the movement, it is equally important that the parent society have a working agreement with a similarly well-qualified man who must be an importing agent.

In conclusion, I would like to quote a description of the hand-loom weaver as given by Mr. Sidney Low in his book "A Vision of India" written at the time of the present King's visit to this country. "The weaver is a little man, his occupation is not favourable to long limbs and big muscles. He sits on the floor of dried cow-dung, with his legs huddled into a hole under him; his flimsy framework hangs from the ceiling above, and he throws the shuttle with its spool of thread backward and forward across his knees. He does this all day, never varying the slow even pace at which he goes, following his delicate pattern without a mistake, seldom stopping to rest or talk. If you peer into his dark cell in the early morning, you find him there, silent and intent, with his brown hands skimming across his brown knees, in the noontide heat he goes on; he is still at his toil when evening falls. From sunrise to sunset are the traditional hours of labour for the Indian weaver—from the beginning of the natural day to the time when the night is veiled. Now and again the weaver goes out to get a drink of water. He eats little during his working hours. He pays perhaps three rupees per month for his lodging, and, if he is lucky and times are good, may earn seven rupees, so that he has four over—say, eighteen annas per week for food and clothing and the maintenance of his wife and children. So he lives and labours and starves and endures, as his fathers have done before him through the dim centuries."

W. T. POMFRET.

APPENDIX IX.

The Organisation of Co-operative Dairy Farming.

It is now universally recognised that the dairy industry of this country is in a thoroughly bad condition, and that it stands in need of urgent measures being adopted to improve it. The importance of a properly-organised dairy industry to the people of this country could not be over-estimated. Of all the articles which enter into the food of the people of this land, milk and milk-products are the most nourishing. Our infants and young children depend to a very considerable extent on milk for their nourishment. The problem of an adequate supply of milk and milk-products is therefore of vast importance, and upon a proper solution of it depends the health and well-being of the large masses of our people.

2. There are two classes of people who are engaged in the business of producing milk and milk-products in this country :—

(1) Gowlis and those who have taken up the business of gowlis.

(2) Cultivators who keep milch-animals and produce and sell milk and milk-products.

3. The gowlis, whose main business is dairying, are not carrying it on economically. Most of them do not own or lease on rent any land suitable for cultivation or grazing or for both. They do not grow any special fodder crops for providing green fodder to their animals in the hot season. They do not properly utilise the dung and urine which their animals produce in large quantities. The manure produced by their animals should be applied to land, and under irrigation valuable fodder crops could be raised. The gowlis do nothing of the sort; but they buy all that is required for feeding their animals—grass, straw, oil-cakes, konda and all other feeding stuffs; and pay high prices for them. The great principal of dairying, *i.e.*, of having a piece of land and growing on it, with the manure produced by the dairy animals, all that could be grown for feeding them, and thereby reducing to a minimum the bill on account of food stuffs to be brought from merchants, is neither known to our gowlis nor practised by them. But they are sharp and cunning; and not knowing the sound business principles of economic dairying, they use their sharpness and cunning in adulterating their milk and milk-products and thereby defrauding the public.

4. The conditions under which the milk is produced by the gowlis are generally insanitary. The pots in which they draw milk are not clean. They use water for washing them; but that is not sufficient for destroying all bacterial germs in the utensils used in handling milk; they should be first washed in cold water, then in boiling water, and afterwards dried in the sun or over a fire. Gowlis draw milk from adders with moist hands, and frequently apply water to their fingers in the course of drawing it. This practice is bound to result in the contamination of milk. Every one knows that fresh milk drawn from the udder is warm. It also contains pieces of dung, hair and other foreign matter, which get into it in the course of drawing it. If milk, as soon as it is drawn from the udder, is strained through a piece of clean muslin, and the pot containing strained milk kept in another pot containing cool water, it will keep sweet for several hours. The gowlis do nothing of this sort; they neither strain their milk nor cool it. But they never fail to do one thing; and that is to pollute their milk by adulterating it with dirty or any water they have got near at hand.

5. The gowlis as a class are not very prosperous. There are reasons why they are not so. First, they do not carry on their industry on the principles of economic dairying. Secondly, the cost of marketing their milk is out of proportion to the price realised; each gowli takes his own milk to the market or retails it to his customers; if a few gowlis co-operate together and pool their produce, they will have to keep only one or two servants for taking their milk to the market or retailing it to their customers; they would thus be able to effect considerable economies in the cost of marketing milk. Thirdly, the gowlis as a class are in the hands of money-lenders, who charge them interest at 2 to 4 per cent. per month; the gowlis may have got some money of their own; but when they have to purchase new animals, they go to a Marwari or a Pathan and agree to pay a heavy rate of interest on the loans advanced by the sowcar. It is therefore true that the gowlis lose heavily in these and other ways; but it is also true that they try and succeed in making up for the loss by largely adulterating their milk and milk-products.

6. Even the agricultural population, or cultivators who live in the villages situated in the neighbourhood of towns and produce and supply milk to the people living in towns, do not carry on their additional industry on economic lines. If the gowlis do not use the dung produced by their animals for raising fodder crops and sell it to the people manufacturing dung-cakes or "gowris," our milk-producing cultivators do not do better in that respect. They do not store cattle manure properly, nor do they raise any fodder crops for feeding their animals during the hot season, when green grass is not available. Whatever cattle dung is stored is often burnt, and the manurial matter in it is thus lost. The milch-animals kept by cultivators get plenty of green grass in the monsoon and produce a good supply of milk during that part of the year. But unlike our gowlis, most cultivators do not purchase sufficient quantities of oil-cakes, konda, &c., for feeding their animals during the hot season. All that they do in the hot season is to turn out their animals to pick up stubbles of crops in open fields. The result is that the milch-animals kept by cultivators get emaciated and their milk secretion diminishes in the hot season. The animals which are thus subjected to a system of alternation in feeding, *i.e.*, gross feeding in the monsoon and starvation or semistarvation in the hot season, rapidly deteriorate. The conditions under which our milk-producing cultivators draw and handle milk are generally insanitary. The only point of difference between milch-animals kept by gowlis and those kept by cultivators living in villages is, that whereas the animals kept by gowlis in towns have insufficient accommodation and get very little exercise, those kept by cultivators generally have sufficient accommodation and exercise.

7. Most of the milk produced in or near towns is sold to the people living in towns and consumed as milk. But milk produced in outlying places, where there is no demand for milk, is

manufactured into butter and ghi. As the milk from which butter and ghi are manufactured is not produced under clean conditions, the quality of butter and ghi sold in our bazars is bad. The merchants and middlemen who deal in them adulterate them with mineral oils, &c., and it may be safely stated that the trade in butter and ghi as well as in milk in this country is at present in a thoroughly demoralised condition.

8. Apart from the bad quality of milk and milk-products, even the quantity that is available at any time for consumption by the public seems to be inadequate. Everywhere the complaint is heard that not only is the quality of milk, butter and ghi offered for sale bad, but that even an abundant supply of them is not forthcoming.

9. Briefly stated, then, the position in which we find our dairy industry is this: (1) That the supply of milk and milk products in this country is at present deficient; (2) that the quality of milk and milk products supplied to the public is bad; and (3) that the industry stands in need of urgent measures being concerted for increasing the output of milk, butter and ghi, and for enabling the gowlis and milk-producing cultivators to carry on their industry under economic and sanitary conditions.

10. As regards the extension of dairying, it may be stated that certain tracts of the country are capable of being developed into dairy districts. In those tracts, where adequate supplies of water and grass are available, the cultivators may with advantage take up dairying and carry it on side by side with the ordinary agriculture, which is their main occupation at present. The valleys of rivers with villages situated on their banks, which retain water in the hot season; localities where a plentiful supply of tank or well-water is available, and also tracts which are commanded by irrigation canals are eminently suitable for the extension of dairying into them. It is well known that in the case of an average cultivator the ordinary kharif and rabi cultivation which he and his family carry on is not alone sufficient to provide them with continuous and profitable labour throughout the year. A large number of our cultivators, therefore, stand in need of a subsidiary industry which they can carry on with profit to themselves and with benefit to their agriculture. In most European countries whose farming classes consist of small cultivators, as in this country, dairying is carried on as a branch of agriculture. Considering the habits of our people and also the degree of skill which they possess I can think of no other industry which our cultivators, can carry on side by side with their present agriculture, with so much success, as dairying. I have given my attention to this question and come to the conclusion that wherever conditions are suitable the adoption of dairying as a subsidiary industry by cultivators, and its practice under sanitary and economic conditions, would not only raise their economic status but also lead to an improvement in the local system of agriculture. There are countries in which the extension of dairying alone has conferred great economic benefits upon cultivators who have taken it up and led to considerable improvements in their agriculture. I would therefore very strongly urge that steps should be taken to organise the cultivators of suitable tracts, and enable them to take up dairying in conjunction with the agriculture which they carry on at present.

11. I would again emphasise by stating that there is only one way of increasing the output of milk and milk products in this country, and that is by organising the cultivating classes of suitable tracts and enabling them to take up dairying. Gowlis are in need of organisation for enabling them to produce their milk under clean and economic conditions; they may, under proper organisation, be able even to increase the output of their produce to a certain extent; but any considerable extension of dairying in this country will be practically impossible unless the cultivating classes of suitable tracts are organised and enabled to take up dairying in conjunction with their present agriculture.

12. If any one goes into a village he would find that women belonging to cultivators' families are put to much hard work for which their constitution is not suited. But they do it, and much injury to their body and health is the result. The taking up of dairying as a branch of agriculture by cultivators will certainly afford their women sufficient congenial work. If those responsible for the extension and improvement of the dairy industry succeed in enabling our cultivators' wives and daughters to do their dairy work properly and making them tidy and neat, they may certainly claim to have done much to remove the difficulties along the path of rural sanitation.

13. I have above referred to the fact that the business of agriculture as carried on at present by an average cultivator does not provide him and his family with sufficient, continuous and profitable labour throughout the year. It is therefore right that any addition which could be made to the profits of the cultivator, by enabling him to take up some new subsidiary industry which could be carried on without giving up his main business, should be most welcome. I have tried to work out a scheme for keeping three she-buffaloes and estimate the benefits that would result from it. If a cultivator living in one of the villages on the bank of the Ulhasa river in the Thana district were to keep three she-buffaloes, the results would be as follows:—

14. If the cultivator buys three Surti buffaloes, he will have to spend nearly Rs. 300-0-0 on their purchase. Of the three animals two will always be in milk. During the four months of the year when green grass is available in abundance, each animal in milk will require oil-cake worth 2 annas per day, in addition to green grass. During the remaining 8 months of the year, each animal in milk will require oil-cake, konda, &c., worth 6 annas per day, in addition to dry grass. The animal not in milk will get green grass when it is available and dry grass when green grass is not available. For grazing and also cutting dry grass, 9 acres of grass land will be required. The land-owner's rent per acre of grass land will be Rs. 2-0-0, and Rs. 3-0-0 should be paid in wages for cutting and bundling the dry grass of an acre. Cut green grass worth about Rs. 22-8-0 will also be required in the monsoon for feeding the animals in the night during the season of green grass. One person will have to work for two hours in the morning and two hours in the evening every day for feeding the animals, drawing milk, &c. At 2 annas per day, the yearly wages of the man or woman attending the animals would amount to Rs. 45-0-0. Perhaps one animal will have to be replaced each year by a better one. The price of the animal that will be sold by the cultivator may be taken at Rs. 60-0-0 and that of the animal purchased at Rs. 100. There will be two calves

each year whose price may be taken at Rs. 10-0-0. The three milch-animals will produce a considerable quantity of manure, the price of which may be taken at Rs. 30-0-0. So far as the feeding of the calves is concerned, there will be no extra cost. They will get something from the feed prepared for their dams. On the price of the three milch-animals, i.e., Rs. 300-0-0 borrowed, Rs. 27-0-0 will have to be paid as interest. As regards the yield of milk it may be taken at 10 lbs. per day per animal. The total production of two animals that will always be in milk will be 20 lbs. per day and the yearly production 7,200 lbs. The cultivator will have no difficulty in disposing of his milk at one anna a pound. To summarise, the yearly income and expenditure would be as follows:—

INCOME.

Price of 7,200 lbs. of milk	... Rs.	450	0	0
" " one buffalo sold	... "	60	0	0
" " two calves	... "	10	0	0
Manure	... "	30	0	0
Total income	...Rs.	550	0	0

EXPENDITURE.

Price of concentrated foods at 6 annas per day per animal for 8 months for two animals in milk	... Rs.	180	0	0
Price of oil-cake at 2 annas per day per animal for 4 months for two animals in milk (when green grass is available)	... "	30	0	0
Rent of grass land and cost of cutting and bundling dry grass	... "	45	0	0
Price of green grass bought during 4 months	... "	22	8	0
Interest on the price of three buffaloes, i.e., on Rs. 300	... "	27	0	0
Price of a new buffalo bought to replace the one sold	... "	100	0	0
Wages of the person attending the animals	... "	45	0	0
Total expenditure	...Rs.	449	8	0
Net profit	...Rs.	100	8	0

15. If we considered the case of an ordinary cultivator, we would find that he and his family would be working for themselves and effect savings in respect of several items of expenditure, *viz.*, the cost of cutting dry grass (Rs. 27); price of green grass bought in the monsoon (Rs. 22-8); and wages of attendance on the animals (Rs. 45). On the other hand, the cultivator would not sell the manure produced by his milch-animals, as he would apply it to his fields. Under these circumstances, it is possible for a cultivator to earn about Rs. 100 in a year by keeping three milch-animals. In addition to the profit, he would be improving his lands and increasing the outturn of his crops. I know the case of a cultivator at Dombivli in Kalyan taluka, who has kept a number of dairy animals and has, by applying the manure produced by them to his fields, almost trebled the outturn of his rice crop in five years.

16. There is no doubt that any organisation brought into existence for enabling considerable bodies of cultivators in any suitable locality to take up dairying on the lines described above, will, as already stated, produce far-reaching economic results, and go a great way to make the people in that locality industrious, prosperous and contented. The question we have now to consider is, what is the kind of organisation which should be brought into existence, that will be capable of developing dairying in this country along proper lines? The experience gained in connection with the development of dairying in most European countries, whose farming classes consist of small cultivators as in India, and also the initial success achieved by a few pioneer undertakings started in the United Provinces, and also in the Thana district, points to the co-operative organisation of cultivators as the only kind of organisation capable of undertaking the extension and improvement of dairying over large tracts of the country. I would, therefore, urge that suitable localities, where dairying can be developed, should first of all be found out and their physical and agricultural conditions studied. It is necessary that a plentiful supply of water should be available throughout the year in any locality where dairying is to be developed. If river or canal water is not available, there should at least be a good supply of well-water. The areas under command of irrigation canals would be very suitable for the extension of dairying into them. It would be easy for cultivators in canal tracts to keep milch-animals and raise fodder crops for them, in addition to growing other crops under irrigation. Localities where, in addition to a good supply of water, plenty of grass is available, are eminently suitable for the introduction of dairying. But, provided that a locality has an abundant supply of water, though the supply of local grass available is not so abundant, that locality should be regarded as suitable for the extension of dairying into it, as fodder crops could be grown under irrigation and fed to milch-cattle. The animals would produce manure; this might be applied to lands which, when sown with seeds of fodder crops and irrigated, would produce large quantities of fodder. The first and the most essential requirement of dairying is therefore water; the availability of grass in abundance on the spot; a matter of secondary importance.

17. Having selected a locality suitable for the introduction of dairying, it is desirable, to start with, to concentrate efforts in a few adjacent villages of that locality and organise a Co-operative Dairy Society for those villages. If the society includes two adjacent villages, 20 or 25 cultivators from each of those villages who are known for their industry should be selected and admitted as members of the society. The society should not admit more members than it can finance. It should collect capital by issuing shares and receiving deposits and raising loans. Each share may be of Rs. 10 or more, and each member should be required to purchase a certain number of shares. If each member wants to purchase two or three milch-animals, he will require a loan of Rs. 200 or 300, which should be advanced by the society at 9 per cent. If the society requires in all Rs. 9,000 for financing fifty cultivators, each of whom will buy two or three milch-animals, and has collected by issuing shares and receiving deposits only Rs. 3,000, it will require a loan of Rs. 6,000 either from Government or the Central Bank. Having arranged for the amount and financed the members for purchasing milch-animals, the society should arrange to have a good secretary or manager and two mukadums trained in dairy practice, governing the production of pure milk and milk-products. It should put up a milking shed in the centre of each village included in the society. The members in each village should be required to bring their animals at each milking time to the society's shed and draw and handle milk under the direction of the society's mukadam. The mukadam should see that the members use cold water and afterwards boiling water for washing their utensils and draw milk in properly washed and dried utensils. The milk of the members in each village should be collected by the society's mukadam attached to the village and sent to the society's dairy room. If there is demand for pure milk in a neighbouring town or city, the managing committee should arrange for the sale of its milk and if necessary open depots for retailing it. If the society is situated at a convenient distance from a city like Bombay, the managing committee will be able to sell its milk at two annas a pound. If, however, a Co-operative Dairy Society is not conveniently situated to a town or city, then it should keep a separator and extract cream from the milk supplied to it by the members. The society may either sell its cream as such or manufacture butter or ghi from it. At the present prices of butter and ghi ruling in the Indian bazars, the society will be able to dispose of its produce at a profit, and thus benefit the members supplying the milk to it. In estimating the income of a cultivator keeping three milch-animals, the price of milk was taken at one anna a pound. If the society cannot sell its milk and has to manufacture cream, butter or ghi from it, then the members will perhaps get only 10 or 11 pies for each pound of milk supplied by them to the society. But in places situated at considerable distances from towns or cities, the cost of feeding milch-animals is less than in places situated near towns or cities. It is therefore certain that the members of a Co-operative Dairy Society will earn reasonable profits by keeping milch-animals and supplying their milk to the society either for sale as milk or for manufacturing cream, butter or ghi and selling them.

18. The society should charge a small commission on the price realised by the sale of milk or cream, butter or ghi manufactured from it, and, subject to a deduction on account of this commission, the whole amount should be returned to the members in proportion to the quantity of milk supplied to the society by each member. The expenses of the society, which should be kept at a minimum, should be met from the amount collected as commission, and the balance remaining from that amount would be the profits of the society. One-fourth of the profits will have to be carried to reserve and the remaining amount may be distributed amongst members in proportion to the quantity of milk supplied by each member during the period for which the accounts have been made.

19. The society should also arrange for the joint-purchase of all feeding stuffs required by the members for feeding their milch-animals. In that case the members will get articles of superior quality at wholesale prices. The society should also induce the members to grow fodder crops under irrigation. The manure produced by the milch-animals could be best utilised for raising fodder crops for feeding them with green food in the hot season.

20. As the original members of a society get accustomed to the new business undertaken by them, and begin to earn profits and thereby improve their economic condition, other cultivators of the villages included in the society will naturally be induced to join the society and take up dairying as a branch of their agricultural industry. I have hopes that in the course of a few years great benefits will accrue from the operations of such a society to cultivators in the villages included in it;—more manure will be put on the land than formerly; the people will have an industry to carry on as a branch of agriculture throughout the year; and separated milk, *i.e.*, what is left after cream is extracted from the milk supplied by a cultivator, will be returned to him; it will be a nourishing food to the cultivator and his family; they may turn it into dahi or curds; the Indian cultivator and his family who are very partial to curds will simply thrive on it.

21. When the first society started in any locality is properly worked, a demand is sure to arise from cultivators of neighbouring villages for similar societies. New societies may then be organised and the whole locality gradually developed into a dairy district.

22. A Co-operative Dairy Society of the type described above may, with advantage, be established not only in a locality where dairying is to be newly introduced, but also in villages in the neighbourhood of towns where some cultivators have been already keeping animals for producing milk. The cultivators of such villages—those who have already kept milch-animals and those who want to keep them newly—may be organised into dairy societies, which should finance their members for purchasing milch-animals; and undertake the joint-purchases of feeding stuffs required by the members and supervise the drawing and handling of milk and market it.

23. The problem of gowlis who live in towns and cities with their animals and produce and handle milk under insanitary conditions is a little different. I would suggest that the gowlis living in a town should be removed with their animals to a suitable site outside it. If the number of gowlis living in any town is large, several sites outside it should be selected,

on which they should be located in batches. 50 to 100 gowlis, who should form a batch may be located on one site. There should be a good supply of water on each site; and also some cultivable and grazing land adjacent to it. The gowlis to be located on any one site should all belong to the same caste or must be those who have certain ties uniting them. Then it will be easy to organise the gowlis located on any one site into a Co-operative Dairy Society. Each member of it should purchase a number of shares and the society should thus collect a certain amount of money. To start with, the society will not be able to put up the sheds and staying accommodation required by the gowlis and their animals. It is therefore necessary that Government or the Municipality concerned should come to the help of a newly-started society and provide the stable and staying accommodation required by the gowlis. The rent to be charged to the gowlis for the accommodation required should be at a concession rate. In that case the gowlis can be easily induced to leave the town, join the society and stay with their animals in the sheds provided. It will also be necessary to put up a central milking shed on each site, on which gowlis have been located. The members of the society should bring to the milking shed their animals at each milking time daily, observe the directions to be given by a trained mukadam of the society, draw and handle milk under clean conditions; and measure and hand it over to the society. The quantity of milk supplied by each member will be noted in a pass-book to be kept with the member. The society's affairs will be managed by a committee consisting of the leading members of the society. It should open depots in the town and supply pure milk to the public. The expenses of the society as regards salaries, &c., should be kept at a minimum and met from a commission charged on the members' milk marketed by the society. Whatever remains after the expenses are met and a certain sum carried to reserve from the amount collected as commission, should be distributed amongst the members in proportion to the total milk supplied by each member to the society. It will, therefore, be seen that whatever is realised by the society by sale of a member's milk, subject only to a deduction on account of the commission due to the society, will go to the member himself. The society will thus be in a position to confer great benefits on its members. It may undertake the joint-purchase of feeding stuffs required by the members. As the gowlis who are members of a dairy society will be freed from the worries and labour incidental to marketing milk, they will be able to lease some agricultural land near their sheds and find time to plough it, and by applying manure and water to it raise fodder crops. Thus their animals will get green fodder in the hot season. The milch-animals which are now kept in the stifled atmosphere of towns will have plenty of exercise and grazing and gain in condition. Under the changed conditions, the gowlis will gradually come to appreciate the value of the solid and liquid excreta which are voided by their animals, and which are at present left rotting near the sheds in towns, and therefore constitute the greatest source of the contamination of milk.

24. The organisation of milk-producing cultivators and gowlis into Co-operative Dairy Societies will undoubtedly facilitate milk-control by Municipalities. The experience of those who are charged with the administration of Co-operative Societies is that the fact of a person being a member of one of them influences him morally in a remarkable way. The Managing Committees of Co-operative Dairy Societies will certainly be able not only to finance and develop the dairy industry and thus benefit the members, but also to see that milk and milk-products are produced under sanitary conditions and supplied to the public in a pure and unadulterated condition.

25. There is a matter in respect of co-operative dairying in which it is desirable that District Local Boards and other bodies should be interested. Co-operative Dairy Societies will, if properly worked, be able to maintain breeding bulls for covering the milch-animals kept by their members and thus give an impetus to the improvement of the dairy breeds of the country. It is therefore right that Local Boards and other bodies interested in the improvement of cattle should regard Co-operative Dairy Societies as deserving of their support and capable of properly utilising any grants that they may make them for purchasing breeding bulls.

26. To sum up, I would submit the following proposals for consideration :—

(1) New localities where suitable conditions exist for cultivators to take up dairying in conjunction with the ordinary agriculture which they carry on at present, should be found out and their physical and agricultural features studied.

(2) In the villages of such localities, Co-operative Dairy Societies should be organised, with selected cultivators as members.

(3) Each Dairy Society should work in a suitable number of adjacent villages and collect its capital by issuing shares and receiving deposits from members and also non-members.

(4) Government, the Central Bank and other bodies concerned should help the societies by granting loans to them on favourable terms.

(5) The members of each society should bind themselves to dispose of their milk through their society.

(6) The members of each society should bring their milch-animals to the society's milking shed at each milking time, and submit themselves to a sort of sanitary discipline to be enforced by the society. Every society should endeavour to secure customers and sell all its milk to them.

(7) If a society cannot sell its milk, owing to want of proximity of a town, it should keep the necessary apparatus and manufacture cream, butter or ghi and sell them. Separated milk belonging to each member should be returned to him.

(8) Co-operative Dairy Societies should undertake the joint-purchase of food stuffs required by their members for feeding their animals.

(9) In the neighbourhood of towns and cities, where cultivators have been already keeping milch-animals for producing milk for sale, Co-operative Dairy Societies should be organised for the benefit of those cultivators and others who are not keeping them. Such societies should be worked as suggested in proposals 3 to 8. |

(10) Gowlis resident in towns and cities should be removed, with their animals, and located on suitable sites outside them. A batch consisting of 50 to 100 gowlis should be located on each site and organised into a Co-operative Dairy Society.

(11) Government or the Municipality concerned should erect sheds for milch-animals and provide staying accommodation for gowlis who are members of a society, and charge rent at a concession rate. The society should have the right of acquiring the buildings in the future. A central milking shed also should be put up by Government or the Municipality concerned, and a fair rent for it charged to the society.

(12) Co-operative Dairy Societies of gowlis should be worked as suggested in proposals 3 to 8.

(13) Local Boards and other bodies concerned in the improvement of cattle breeding should make grants to Co-operative Dairy Societies for enabling them to purchase suitable bulls. Such bulls will cover the milch-animals kept by the societies' members.

27. It is a matter for satisfaction that Co-operation has already done much for India, *viz.*, by democratising credit and enabling cultivators and other persons of small means to obtain loans on easy terms. But it has been always held that unless the Co-operative Societies Act is worked with the ultimate object of developing the agricultural industries of the country, and thereby promoting the economic welfare of the large masses of cultivators, the Act itself cannot be considered to have fully served the purpose for which it has been passed. The development of agriculture should, therefore, be the object of most of the operations under the Co-operative Societies Act of 1912. I am sure that dairying is a very important agricultural industry, which can be best promoted by co-operative efforts.

28. In the foregoing paragraphs I have urged that the problem of the improvement and extension of dairying in this country should be tackled under the provisions of the Co-operative Societies Act of 1912. That this great problem can be solved, in large rural tracts of the country, only by the Co-operative organisation of cultivators, I am certain. But I am also equally certain that any scheme prepared for financing and supervising the development of co-operative dairying in any tract of the country will confer great economic and social benefits on its cultivators, and that any expenditure incurred by Government, Local Boards, Municipalities, the Central Bank and other bodies for working out the scheme, will be amply repaid by the increased material and moral prosperity of the tract in question.

29. I submit herewith a draft of by-laws suitable for Co-operative Dairy Societies for consideration.

By-laws of the

Co-operative Dairy Society, Ltd.

I. PRELIMINARY.

1. The name of the society is the registered address is at
be notified to the Registrar within 14 days.

Co-operative Dairy Society, limited, and its District. Any change of address shall

2. The objects of the society are to advance loans to its members for enabling them to purchase and maintain milch-animals, to assist them to produce pure milk, to secure a steady and profitable market for their dairy produce and generally to develop dairying on proper lines.

II. FUNDS.

3. Funds may be raised—

- (a) by the issue of shares;
- (b) by receiving deposits;
- (c) by raising loans;
- (d) by donations.

4. The amount of capital to be raised by the sale of shares shall not exceed Rs. The General Meeting shall decide. The nominal value of each share shall be Rs. what sum shall be paid on allotment, and by what instalments (if any) the balance shall be called up.

5. Deposits and loans will be received for fixed periods or upon current deposit at such rate of interest and to such an amount as may be determined by the Managing Committee; provided that the total of loans and deposits shall never exceed eight times the subscribed share capital plus the reserve fund.

6. The funds of the society when not utilised shall be invested or deposited as required by section 32 (1) (a) (b) or (d) of the Act.

III. MEMBERSHIP.

7. No person shall be a member unless—

- (1) he is a resident within _____ miles of _____
- (2) his written application for membership has been approved by a majority of the Managing Committee;
- (3) he has paid an entrance fee of rupee 1; and
- (4) he has subscribed to at least one share and paid his instalment within 15 days of allotment. Persons who are interested in the question of the production of pure milk and milk-produces may also take shares in the society and be members.

Members who signed the original application are exempt from condition 7 (2).

8. If a member fails to pay an instalment due on his shares within thirty days of the call, the share or shares in respect of which default has been made may be forfeited and become the property of the society.

9. Any member may withdraw from the society at any time, with the sanction of the Managing Committee; but this will not be given while he is in debt to the society.

10. A member of the society may be expelled by a vote of the General meeting—

- (1) if he is a persistent defaulter;
- (2) if he wilfully deceives the society by false statements;
- (3) if he is bankrupt or legally disabled;
- (4) if he is criminally convicted; or
- (5) if he intentionally does any act likely to injure the credit of the society.

Expulsion involves the forfeiture of all shares held by him.

11. A person ceases to be a member—

- (1) on death;
- (2) when his resignation is accepted by the Managing Committee;
- (3) on expulsion; or
- (4) on the transfer or forfeiture of all the shares held by him.

IV. SHARES.

12. Application for shares shall be made in writing, and shall be disposed of by the Managing Committee.

13. The liability of a member is limited to the nominal value of shares held by him.

14. A member may transfer his share or shares, after holding them for one year, to another member, with the approval of the Managing Committee. The transfer is not complete until the name of the transferee has been entered in the Share Transfer Register, and such fee as the Managing Committee may prescribe has been paid.

15. A share certificate, bearing a distinctive number, shall be issued for every share subscribed.

16. Any member of the society may, by a writing under his hand deposited with the society, nominate any person other than a servant or officer of the society, to whom the whole or any part of his interest in the society could be transferred in the event of his death. A fee of 4 annas shall be charged for recording such nominations and any subsequent revocation or variation.

17. On the death of a member the amount standing to his credit by way of shares or dividends shall, subject to deductions on account of his liabilities, be paid to his heir nominated by him, or in the absence of such nominee, to such person as may appear to the committee to be entitled to receive the amount as heir or legal representative of the deceased member, on his executing a deed of indemnity to the society.

V. GENERAL MEETINGS.

18. The first meeting of the members shall have the same powers as are herein given to the Annual General Meeting.

19. The Annual General Meeting shall be called in the month of April. Its duties are:—

- (1) to elect a Managing Committee, to appoint a Secretary and any other officers required for the ensuing year, and to fix their remuneration;
- (2) to appoint persons to audit the accounts of the society during the ensuing year, and to fix their remuneration;
- (3) to receive from the Committee a report on the preceding year's working of the society, together with statements showing the receipts and expenditure, assets and liabilities, and profit and loss for the year.

- (4) to consider the audit memo. and any other communication from the Registrar ;
- (5) to fix the amount of capital to be raised under by-law 5 ;
- (6) to consider the supply and sale of milk and milk-products in the past year, and to determine in what way dealings shall be carried on during the next year ;
- (7) to fix the commission to be charged by the society on the price realised by sale of the members' milk or milk-products manufactured from it ;
- (8) to consider any other business duly brought forward.

The proceedings of General Meeting shall be recorded in the minnte book.

20. A special General Meeting of members may be called at any time by majority of the committee, or on receipt of a requisition from one-fifth of the members or from the Registrar.

21. In the case of the Annual General Meeting fourteen days' notice and in the case of a Special General Meeting seven days' notice shall be given by the publication of a written notice outside the office of the society, and in any other conspicuous place that may be convenient. The notice shall specify the date, hour and place fixed for holding the meeting, and shall state the nature of the business to be transacted at the meeting.

22. With the permission of two-thirds of those present at a General Meeting any member may bring forward a proposal regarding any matter not specified in the notice of the meeting, provided that he may not so propose the expulsion of another member or alteration in the by-laws or in the rates of interest affecting loans or deposits.

23. Two-fifths of the total number of members or twenty (whichever less) shall form a quorum at a General Meeting. If on the day of the meeting there is no quorum, or if all business is not completed, the consideration of the remainder of the business may be abandoned or adjourned to any other day. If on the day to which the meeting is adjourned no quorum is obtained, the business shall be disposed of without a quorum.

24. At all General Meetings the President shall be elected by the members present.

25. The President shall have a casting vote in addition to his ordinary vote.

26. A member owning one to five shares shall at General Meetings be entitled to one vote ; if he owns six to ten shares, two votes ; if eleven to twenty shares, three votes ; if twenty-one to twenty-five shares, four votes ; and if more than fifty shares, five votes. Any member may appoint another in writing to vote for him as his proxy.

VI. MANAGING COMMITTEE.

27. The Managing Committee shall consist of not less than five members or more than seven. Three members shall form a quorum. It shall elect its own Chairman, who shall have a casting vote. When present he shall preside at all committee meetings. When he is absent the members present may elect a Chairman from among themselves. Every committee member has one vote ; but the Chairman is entitled to give a casting vote.

28. Subject to the by-laws and the resolutions passed at a General Meeting, the Managing Committee shall have full authority to carry on the business of the society. It shall meet for the transaction of business not less often than once a month.

29. Vacancies on the Managing Committee from death or any other cause shall be filled up at the next ensuing General Meeting by election.

30. A committee minute book shall be maintained by the Secretary, in which the names of members present and the proceedings at each meeting shall be recorded. It shall be open to the inspection of all members.

31. No member shall be present or vote on any matter in which he has a personal interest.

32. The powers of the Managing Committee shall be—

- (1) to appoint, suspend, punish or dismiss all salaried servants of the society, subject to by-law 19 (1) and (-) ;
- (2) to advance loans to the members for purchasing milch-animals and maintaining them ;
- (3) to arrange for the construction or hire of milking sheds and other buildings ;
- (4) to arrange for the members' animals to be brought daily to the Society's shed at the appointed hours, and for their milking under the supervision of the society's staff ;
- (5) to see that the members' animals are properly fed and housed ;
- (6) to arrange for the proper handling and sale of the members' milk or manufacturing cream, butter or ghi from it, and marketing them at profitable prices ;
- (7) to keep a milk register for recording the milk yield of each of the members' animals, and to record the results of tests made to ascertain the quality of their milk ;
- (8) to arrange for the joint-purchase of feeding stuffs required by the members for feeding their milch-animals ;
- (9) to hear and deal with complaints ;
- (10) to examine and check the accounts ;
- (11) to prepare the annual balance sheets ;
- (12) to enquire into and take action in cases of arrears ;
- (13) to raise loans and receive deposits ;
- (14) to institute, defend or compromise legal proceedings ;
- (15) generally to conduct the business of the society.

33. An appeal shall lie from all decisions of the Managing Committee to the General Meeting.
34. It shall be the duty of the auditors appointed under by-law 19 (2) to audit the accounts and documents of the society quarterly; and of the Managing Committee to produce all the requisite books for their inspection.
35. The Managing Committee shall control the Secretary, whose duty shall be—
- (1) to carry on the correspondence of the society, and to maintain all its books, accounts and registers;
 - (2) to maintain cleanliness in the society's milking sheds; to see that the milk of the members' animals is drawn and handled properly; to carry out the Committee's orders regarding the transporting and sale of the society's milk or manufacturing cream, butter or ghi from it and selling them; to collect the society's dues and to prepare receipts and vouchers;
 - (3) to receive and disburse money on behalf of the society, under the orders of the Managing Committee;
 - (4) to attend to all other business entrusted to him by the Managing Committee.

VII. PRODUCTION AND SALE OF MILK AND MILK-PRODUCTS.

36. The Managing Committee shall build or hire a milking shed or sheds to which the members shall bring their animals daily at each milking time, and draw milk under the supervision of the society's staff. It shall also have a dairy-room in which milk shall be strained and cooled.
37. The Managing Committee shall secure customers for purchasing the Society's milk, and keep pails, cans, bottles, &c., for transporting and distributing milk. If there is no demand for whole milk, the Committee shall keep a separator and manufacture cream, butter or ghi and sell them. Separated milk belonging to each member shall be returned to him.
38. Every member of the society producing milk for sale shall market it through the society. Subject to a deduction on account of the commission fixed by the General Meeting, the price realised by sale of milk or milk-products manufactured from it shall be paid to him or credited to his account.
39. A pass-book shall be issued to every member supplying milk to the society, and the quantity of milk supplied by him at each milking time every day shall be entered into it.

VIII. DEPOSITS.

40. Deposits may be received at any time within the limits fixed by by-laws 5 and 19 (5) either in the current account or for a fixed period. A pass-book shall be supplied to each depositor in which interest shall be credited yearly on April 1st.
41. After the period of a fixed deposit has expired, interest shall be paid on it at current deposit rates, unless the deposit has been accepted by the committee for a further fixed period.

IX. LOANS.

42. Loans may be granted to any member for purchasing and maintaining milch-animals for such periods (not exceeding 5 years) as the Managing Committee think fit, subject to any resolution passed by the General Meeting, provided that the rate of interest shall in no case be higher than per cent.
43. Not more than one-fifth of the total amount lent by the society shall be on loan at any time with the members of the Managing Committee.
44. The Committee shall prescribe the instalments by which loans are to be recovered and may grant extension when necessary. Penal interest at the rate of per cent. shall be levied on instalments not repaid within 14 days of the due date.
45. A loan may be granted on personal surety or on the security of moveable or immoveable property, at the discretion of the Committee. For every loan, a bond shall be executed stating the rate of interest, the date of instalments and the nature of the security.

X. DISTRIBUTION OF PROFITS.

46. The distribution of profits shall be decided on at the Annual General Meeting. The balance remaining after carrying 25 per cent. to reserve, shall be available for paying a dividend on shares and for distribution among the members *pro rata* to the quantity of milk supplied in the year by each of them to the society.
47. The dividend shall not exceed 6½ per cent. except with the sanction of the Registrar.

XI. RESERVE FUND.

48. In addition to the sum prescribed under Section 33 of the Act, all admission fees and receipts on account of forfeited shares, fines and donations, shall be carried to reserve.
49. Not less than half the reserve fund shall be deposited with some outside society or bank approved by the Registrar.
50. Any loss on the year's working may, with the previous sanction of the Registrar, be made good from the reserve fund.

XII. ACCOUNTS AND RECORDS.

51. Accounts and records shall be maintained in the forms prescribed by the Registrar, with such additions as the Managing Committee think necessary. The Chairman and Secretary have power jointly to execute documents, grant receipts, and sign share certificates on behalf of the society

52. Any member of the society may inspect any of the registers or records during office hours, so far as they relate to his own business transactions.

53. Before April 15, annually, the Managing Committee shall draw up statements showing the receipts and expenditure, assets and liabilities, and profit and loss for the previous year. A copy of these statements shall be supplied to the Government Auditor.

XIII. AMENDMENT OF BY-LAWS.

54. Subject to the rules framed by the Local Government, by-laws can be amended, provided that notice of the amendment has been given to the Registrar and the members, at least ten days prior to the meeting. Amendments take effect after being registered under Section 11 (3) of the Act.

RATNAGIRI :

July , 1914. }

V. H. GONEHALLI,

*Extra Deputy Director of Agriculture, and
Assistant Registrar, C. S., Konkan Division.*

APPENDIX X.

Co-operative Fodder Storage.

The importance of this subject will be evident from the following pregnant sentence in the Land Revenue Administration Report of the Bombay Presidency for 1912-13:—

"While cultivators and labourers displayed great resisting power against the general prevailing scarcity, cattle, owing to the shortage of fodder, suffered severely." The *Times of India*, while reviewing the report makes the following comment: "The occurrence of a season of drought causes an immense disturbance and heavy expenditure in order to bring fodder to the affected tracts in time, and all this could be avoided by the concerting of arrangements to store and make available the very large surpluses in ordinary years The reasons given against the district reserves proposed after the last fodder famine never seemed to us to be conclusive. We do urge that this issue shall be regarded as urgent, and not allowed to hibernate until the next fodder famine shakes us from our comfortable apathy again."

2. The Commissioner, N.D., said that in the Panch Mahals 23 per cent. of the inferior cattle died during the famine of 1911-12, that in Broach there was practically no cattle-breeding, owing to the absence of grazing lands, and that in Surat the steady extension of cotton cultivation had produced a diminution of the fodder-grazing area. The Collector of Poona observed at the last Agricultural Conference that a great deal of the land which used to be put under jowari is now put under groundnut, and that in the Satara district alone there was an increase of land under groundnut from 28,000 to 92,000 acres and a decrease of land under jowari from 5 lakhs to 4 lakhs acres. Mortality among the cattle in Ahmednagar district, owing to a great dearth of fodder, attracted considerable attention. More than half the number of cows disappeared in Shevgaon and Nevasa talukas. There were complaints of shortage of plough-cattle in parts of Poona and Sholapur, which constituted a grievous drawback to agricultural operations. During the last famine 37½ crore lbs. of fodder was imported in the three most affected districts of Gujarat by rail; and yet this large outside help was, hardly sufficient to avert a collapse amongst the three lakhs of plough bullocks of the affected area out of a total cattle census of one million.

3. The attention of every district officer is drawn in bad years to the helplessness of the ryots in not having a sufficient reserve of fodder. And yet the fault is almost entirely their own. Enormous waste of fodder goes on from day to day in good years in every village, in every homestead and in every field. For want of space to stack in or for want of labour to cut and cart, or even from sheer shortsightedness and laziness, all the available quantity of fodder in the field is not brought home and laid in. In a good year may be seen standing in fields, kadbi shorn of its ears. It is left there to seed and to dry into woody fibre till it is burnt at the next ploughing. In the year of plenty the ryot does not know what economy in the use of fodder is. Fodder has no market value in the village, and so he not only keeps a large number of useless animals, but lends and gives it away freely. His memory is short and he soon forgets the lessons taught by previous famines. Improvidence is so deeply ingrained that he sells, at the first clap of thunder in June, his reserve stock at prices which a few weeks later would be inadequate to buy one-fourth of the quantity sold by him in case the rains failed.

4. But perhaps the greatest difficulty is the impossibility of ensuring the safety of private individual fodder-stacks in villages owing to fear from theft and incendiarism. Millions of pounds of grass are destroyed by fire annually in every district through accident and incendiarism. Even provident ryots lose heart and prefer to part cheaply with their surplus fodder for fear of inviting reprisals from unknown enemies. It is hopeless for the village watchmen to detect the midnight incendiary, who is gone half a mile before the first glow is seen in a distant field. Sometimes the Mahars and Ramoshis will take revenge upon the ryots for their baluta being in arrears. At other times the Patil may have his own little reason to see a bold ryot humbled. Detection in such cases is hopeless, and the kunbi decides not to have much reserve fodder in future.

5. Many remedies have been suggested for the solution of this important question. Mr. Parshottandas Thakordas, the Honorary Secretary of the Bombay Charitable Famine Relief Fund Committee, proposed the formation of central district reserves. The scheme appeared to be promising, but was found on examination to be financially unsound and impracticable. Grass does not lend itself easily to being stored at district head-quarters, on account of the prohibitive cost of carriage. There is, besides, great risk from fire when immense quantities are stored in one or two places only. The scheme would be prohibitive in cost, as it would require a small army of paid clerks and watchmen to work it. And above all, over-centralisation would make it impossible to manage the collection and distribution of fodder satisfactorily in villages.

6. Government have since long been alive to the necessity of forming an ample reserve against famine. As far back as 1883 it was recorded that one of the most important duties of the Forest Department in India was to increase the supply of cattle-fodder, particularly during seasons of drought in the drier districts. All sorts of experiments were made in various provinces in India. Attempts were made in Central Provinces to solve the problem of improving the efficiency of agricultural cattle by substituting stall-feeding for inadequate grazing; operations were undertaken in various provinces departmentally in famine years, which rendered available a considerable quantity of fodder (this was transported by rail to tracts suffering from scarcity at a most liberal reduction in freights); and a regular system of storage of fodder during ordinary years as a safeguard against famine was inaugurated in our own Presidency in 1909-10. But the results so far have been in almost all cases disappointing. Though the contractors were granted a monopoly of the right of cutting and collecting grass from forests and revenue waste, they failed to do satisfactory work in the grass-collecting seasons, while the Forest Department did not see the smallest chance of making a trade in grass financially profitable. Railway Companies complained that the conveyance of grass was the most unremunerative use to which their wagons could be put, and some companies' arrangements for carrying the fodder completely broke down.

But the worst was, that baled fodder supplied from forests did not suit most cattle. Cattle got weaker day by day in the cattle camps, and the continuous feeding on the contractors' inferior grass only resulted in reduced condition and bowel complaints. In some cases the cultivators refused to take the grass, and entire consignments were left on Collectors' hands at the end of the year. Experiments were also made of transporting the cattle of the affected area in thousands by special trains to the forests of Gir in Kathiawar and Dangs in Surat and Thana districts. In spite of plentiful grazing, a very small percentage returned alive, partly on account of the water and climate having not agreed, and partly on account of the delicately-nurtured cattle of Gujarat plains finding it difficult to graze on the steep slopes of hill-forests. It is not surprising under the circumstances that Government, while anxious to give all possible support to any practical scheme, are now doubtful whether the employment of official agency in the matter is advisable or feasible. It is not easy to see the solution of this most difficult and urgent problem, unless cultivators themselves begin to realise the necessity of accumulating private stores of fodder.

7. Fortunately signs are not wanting that the ryots are beginning to learn the lessons of self-help and independence. After the last fodder-famine in Gujarat efforts have been made by the people themselves towards laying up a reserve stock. Some of them have begun to realise that neither central nor district reserves nor cattle-insurance will solve this question so effectively as conservation of local village resources and the stoppage of waste of fodder that is going on constantly in good years. They have begun to see that in private individual efforts and in village co-operation lies salvation. But rural conservative India is slow to move. Charitable Relief Committees in co-operation with Government officers can do a great deal in encouraging the ryots in their efforts at laying in communal fodder-stacks, in trying to safeguard them against the dangers of incendiarism and theft, and in giving pecuniary help in construction of shelters for fodder reserves. It may not be out of place to note here the result of a couple of experiments at village fodder co-operation made under the watchful eyes of the village Panch and Government officers in Ahmedabad and Bijapur collectorates. The village people in a few select villages were induced to combine and to contribute each a certain quantity of fodder, which was stored in the village common and was guarded by the village watchmen. Six lakhs lbs. of kadbi was thus contributed and collected in a dozen villages in Ahmedabad and Bijapur districts under the guidance of district officers since the last fodder famine.

8. This shows that this urgent question is not impossible of solution. It is true that there are no European precedents for co-operative fodder storage. Even in Germany, which is perhaps the most advanced country in agricultural co-operation, they have stopped short at organising cattle selling, cattle breeding and common pasture societies, perhaps because fodder famine is hardly known outside India. It is recognised in Germany by authoritative agricultural organisations that cattle life-insurance can be most suitably undertaken only by local organisation of a mutual character. In India itself, no sustained or united efforts seem yet to have been made to form a reserve against famine except in some Native States. In Vankaner in Kathiawar, for instance, after the bitter experience of the "Chhapania" famine, His Highness the Raja Sahab forbade his cultivators to sell kadbi, with the result that ten years later during the big fodder famine, not only had no grass to be imported in Vankaner but its selling price in the State never rose beyond Rs. 7 per 1,000 lbs. when the ruling prices in Gujarat were Rs. 17 to 20. Though such executive orders and personal influence of a ruler are impossible in British India, still Revenue officers can do a good deal in the direction of organising fodder co-operation by patiently applying a gentle persuasive driving power to the ryots.

9. I am not so pessimistic as to consider that the risks of fire, rot and deterioration are so insuperable as to make fodder-storage impossible of adaptation to the co-operative method. There are such things as household ashes, salt, layers of strong brushwood and tarpaulin or zinc-sheet roofs to prevent damage by white-ants and rain. It has been proved by actual experience that hay and kadbi retain their nutritive properties for at least three years, and the loss in quantity even after a more prolonged storage, would not exceed one-third of the amount originally laid in. The expenses of cutting and cartage would be negligible, as the village stacks would be in the village itself before the cultivators' own eyes. I had drawn up a few practical rules for formation of such communal fodder-stacks in Bijapur district, which the Registrar of Co-operative Societies very kindly put in form of a set of by-laws for Co-operative Fodder Societies. We do not claim finality for these by-laws. Lack of experience alone seems to have deterred the people from trying to solve this urgent problem. I am sure that once fodder storage, either in communal stacks or by way of co-operative credit, becomes popular, it will not only make the country less susceptible to the shock of fodder famine, but the best breeding-stock which has been destroyed in famine will reappear, and landowners will vie with one another in maintaining herds of first-class milch buffaloes and cows instead of very inferior cattle in ordinary years.

S. M. BIARUCHA.

INSTRUCTIONS FOR FORMATION OF COMMUNAL FODDER STACKS IN BIJAPUR DISTRICT.

1. A Committee may be established in selected villages, including the following ex-officio members: Patil, Kulkarni, Local Board member (if any) and the Secretary of the Co-operative Credit Society (if any).
2. Khatedars should be encouraged to contribute annually their surplus store of fodder. The fodder should be taken per plough, the quantity being settled according to the kadbi crop of the year in the village. The minimum contribution should be 500 lbs.
3. Either jowar or bajri kadbi should be accepted.
4. The scheme should be for *bona fide* agriculturists, but sowcar khatedars and tenants may be allowed to join if willing.

5. Whatever the contribution, it should be taken after weighing.
6. The expenses for stacking be borne by the contributors in proportion to the quantity of fodder contributed. The stacking should be surrounded by *kaccha* walls if the contributors are willing, and be able to do it or by thorns or prickly pear, and the roof should be thatched and plastered with mud.
7. A simple register should be kept for a number of years by the Committee, the Kulkarni being the Secretary.
8. The village chowkidars, *vis.*, Valikars, Talwars, and Mahars should be jointly responsible for safety of the stacks, and one of the men should sleep at the stack by turn. The Collector will reward these men at the end of the year if the stacks are found safe and intact, and the village people will contribute expenses for watching.
9. The grass should be collected from the months of December to April, and the thatching operations should be completed by the middle of May.
10. Third or fourth year after it was laid, and specially in a year of partial scarcity of fodder, the Committee will have the power to open a stack and to either ask the contributors to exchange the old kadbi for new or to give old kadbi on loan, on condition of its being replaced next year with one-fourth addition in shape of interest.
11. The stacks should be laid 100 yards apart and should be marked in bold figures with the year in which they were laid down: So far as possible they should be made in the village common, near the village site, so that they may be under the eye of the contributors all the year round.
12. The grass stack should not be permanently distributed till a petition of more than 75 per cent. of the contributors is received in a year of scarcity, when the stacks will be opened and each contributor will be given back his store proportionately.
13. No contributor will have a right to say that his contribution of grass should be utilised for paying land revenue or tagai arrears.

(Sd.) S. M. BHARUCHA,
Ag. Collector of Bijapur.

DRAFT BY-LAWS FOR A CO-OPERATIVE FODDER SOCIETY.

1. The society shall be called the Co-operative Fodder Society, un-
limited. Its registered office is at .
 2. Any agriculturist who is a resident of and of good character is eligible
for election as member.
 3. Members shall be elected by the Managing Committee.
 4. The entrance fee is Re. 1 and is payable in cash by an applicant for membership when he has been elected. No one shall exercise the rights of membership until he has been elected and has paid the entrance fee.
 5. Every member shall with every other member be jointly and severally responsible for all liabilities and debts due by the society.
 6. Every member shall be liable to expulsion by the General Meeting by a majority of votes—
 - (1) For being in default to the society for a period of one month after a liability has become due, without the permission of the Managing Committee.
 - (2) For conduct injurious to the credit and reputation of the society.
 - (3) For a serious breach of the rules or of the by-laws of the society.
 If he is expelled he forfeits his deposit and entrance fee.
 7. Any member may withdraw from the society after giving one month's notice to the society. He also, *ipso facto*, ceases to be a member, if he ceases to reside in the village of .
But on withdrawal he forfeits his deposits unless he has been a member for three whole years.
 8. Capital may be obtained in the following ways :—
 - (a) Entrance fees and donations in cash for current expenses.
 - (b) Deposits and donations of fodder from members.
- Every member is bound to make an initial deposit of 500 lbs. of kadbi, not withdrawable for 3 years, and subsequently 250 lbs. per year fixed also for at least 3 years.
9. The members of the society shall elect annually a Managing Committee of at least three members. The Committee shall appoint one of its members to be chairman.
 10. The Managing Committee shall have the following powers and duties :—
 - (1) To admit members.

(2) To receive fodder by weight as a deposit or in repayment of an advance, and to see that it is clean and good.

(3) To sanction advances of fodder by weight to the members of the society (who have made the year's deposit) on personal security, to be made repayable generally at the next following harvest time at *savai* rate.

(4) To store in the best manner possible the fodder received at harvest time and to make arrangements for its safe custody.

(5) To return at harvest time to depositors if required, any fodder deposit which has been with the society for at least 3 years (together with an increment of $\frac{1}{4}$ th of the weight deposited as interest for 3 years).

(6) To fence the storage ground with thorns and to see that the hedge is preserved, and that the stacks are 100 yards apart.

(7) If any surplus fodder remains after satisfying the needs of the members, which if kept longer would deteriorate, to sell in best market and to purchase new fodder at harvest time out of the proceeds and store it for future contingencies.

(8) To appoint a Secretary and also Rakhvaldars to watch the kadbi stored at night if necessary and to fix their pay, and to meet the expenditure incidental to storage.

(9) To sell small portions of fodder when money is required for working expenses.

(10) To maintain an inward and outward stock register, a loan account, a deposit account, a register of members, a day-book, and a minute book.

(11) To call in the month of April an Annual General Meeting of the society and to publish before 20th April each year a balance sheet of the society for the year ending on the previous 31st March, and submit a copy to the Registrar.

11. The members assembled in Annual General Meeting shall have the following powers and duties:—

(1) To elect a Managing Committee for the year.

(2) To consider the balance sheet for the previous year and if correct, to pass it.

(3) To fix the maximum amount of fodder which shall be advanced to any one member of the society during the year.

(4) To fix the maximum amount of fodder which may be received on deposit by the society during the year.

(5) To apply to the Collector for an open plot in Gaothan for temporary use every year rent free for the first 5 years.

(6) To transact any other business which might be placed before it.

12. All profits after meeting the working expenses shall be credited to the Reserve Fund, which shall be maintained in fodder, not cash, and shall be the property of the society.

EXPLANATION.

Suppose in a village a society starts with 100 members. The initial capital will be Rs. 100 in cash.

1st year's Working.

Each member has first to make a deposit of 500 lbs. of kadbi at least. This brings in 50,000 lbs. Suppose in hot weather when the prices go up, half the number of members want on an average of 400 lbs. each. At the next harvest time they must give back the *savai* which will bring in a profit to the society of 5,000 lbs. Out of the remaining 30,000 lbs. the society may sell in hot weather just before the rains, say about 20,000 lbs. This must bring in a 50 per cent. profit (Mr. Mountford observed at the Agricultural Conference of 1913, "Kadbi in ordinary years rises in value from Rs. 8 per 1,000 lbs. to Rs. 13-14-0").

As no depositor can claim back his deposit for the first three years, the first year's working brings up the store to 65,000 lbs.

2nd and 3rd year's Working.

Results will be similar as in the first year. Because there can be no withdrawals, there will be a further deposit of 25,000 lbs. each year, the *savai* from advances to members will bring in about 5,000 lbs. interest, and the society will be in a position to sell in the hot weather a larger quantity than in the first year. To be on the safe side, however, I shall calculate the results as in the first year's working, *viz.*, a deposit of 25,000 and a profit of 15,000 lbs. every year, thus swelling the store of the society to 1,45,000 lbs. at the end of the 3rd year's working.

Fourth year's Working.

Suppose at the end of three years, as many as half the members withdraw. They can claim 1,000 lbs. *plus* $\frac{1}{4}$ *savai* or 1,250 lbs. each, making a total withdrawal of 62,500 lbs. But the society will not suffer, as it will have a balance of 82,500 lbs. in hand. New members will come in and the society will be able to advance to members and to sell as usual.

If the Managing Committee declines to sell fodder with profit in hot weather as a precaution against failure of rain, the society's profits will no doubt decline, but work would go on and the society would prosper in the end.

S. M. BHARUCHA.

APPENDIX XI.

A Flying Visit to a few Co-operative Societies in Ireland.

By Narayanrao Govindrao Baba Saheb Ghorpade, Chief of Ichalkaranji.

When my friend, Mr. Ewbank, very kindly invited me to read a paper at the Conference I was a little exercised regarding the selection of my theme. As I have recently returned from a pretty long tour through the civilised countries of Europe, I thought I should naturally be expected to give you an account of my experience of the conditions of agriculture and of the co-operative societies in the countries I visited. At the same time I knew that as I had not been able to make a thorough study of either of the subjects, partly, for want of time and partly owing to bad health, I might disappoint you if I undertook to write a paper on any of the subjects. After some hesitation, however, I at last decided to say something about what I had seen of co-operation in a flying visit to Ireland, trusting to be excused for taking up your valuable time if I failed to interest you.

2. As observed above, although it was not possible for me, and it was not my intention either, to study very minutely the methods of agriculture and of co-operation followed in the countries I visited, I was very anxious to have at least some idea of the two subjects, as far as my health and the time at my disposal permitted me to do so. Accordingly I proposed to myself actually to see some of the farms in the places through which I travelled, and to visit the offices of some of the co-operative societies to see their methods of work generally and to talk to the people who had organised and were managing the societies, and also those persons who were deriving benefit from them. As a tourist and a foreigner I had to confine my enquiries to the representatives of Messrs. Thomas Cook & Son, and of other similar bodies for information, but I could not get from them all the needed information. I was able, without much difficulty, to see several farms wherever I went, but I could not get at any of the co-operative societies. My first attempt to see the societies was made in some three places in France. I understand that there are several societies in the parts of France I visited, but first of all they were in out-of-the-way places and not within the range of my travels, and secondly, the language difficulty was insuperable. I did not know the language of the people to be addressed and they did not know the English language, so I could not learn anything about co-operation in France.

3. I next directed my attention to the societies in England. There also I found it difficult to get any information about the whereabouts of the societies. As a last resort I made myself bold, on the advice of some friends, to go and see Mr. Henry Wolfe. It was a pleasure to meet him. He is such a high authority on co-operative subjects. Though he had never been to India, he appeared to me to be familiar with almost all the phases of the work done here. He asked me many interesting questions regarding our general work in India and the work of certain particular institutions. He was of opinion that in co-operative matters Great Britain was far behind the other European countries, which, however, one could not realise to its fullest extent from what one had read about the backwardness of the Anglo-Saxon race in this respect. He told me that the country where I could see something of co-operation was Ireland. There are other countries also which are much advanced and have their peculiar points of interest in co-operation, but it appeared to me that the sort of task I had set before me was not likely to be fulfilled in any place where I could not get people to talk to me in English. So I decided to pay a hurried visit to Ireland. I was advised to seek Sir Horace Plunkett as a guide, a friend, and a philosopher. Accordingly, I wrote to him. He very kindly drew up a small programme for me with the object of giving me an insight into the work of the societies in Ireland. My future movements were to be determined after our meeting in Dublin. According to this programme I left Belfast, got down at Dundalk and motored to Dromintee. The arrangement was that I should see here some three societies and talk to some persons. But unfortunately in one place, *viz.*, Enniskul, the place where I was led to expect most, the people to be visited were absent. I was, however, able to have interviews there with one excellent gentleman. He was a retired village schoolmaster and had the management of the society at Dromintee from its beginning. I had very interesting and long talks with him. I had made out a list of points on which to seek information. I learnt from him that there were 203 members on the roll of the society, and that the total amount of the loans granted was £1,336. The rate of interest charged was 5 per cent., while that on loans and deposits varied from 3 to 4 per cent. The average amount of loans per head granted during the period was £8-10-2. There was a profit of £5-2-2 on the year's business. It was amusing to find that though there were many similarities in the conditions of India and Ireland, still face to face with the actual problems of the village life, the differences were more apparent than the similarities. For instance, I found here, unlike India, that when co-operative societies were started, the difficulty was more to find borrowers than depositors. When organisers had come and talked to the local magnates, and they had seen the advantages that were likely to accrue from the institution of co-operative societies, it was not difficult to form a society, but strange to say from what little I gathered from conversations with the gentleman and others I held later on in other parts of Ireland, that while no difficulty was experienced in raising a capital, there were no borrowers and that the well-to-do people had to set an example in being the first debtors to the society. It seemed to be the general idea that money transactions should be kept as secret as possible. Nobody thought that credit was a great mine to be worked for the benefit of the farmer. A debt was to be resorted to on credit as a last resort, and great secrecy was desired, as if it was some untoward calamity to have to borrow on credit. With this frame of mind one can quite understand that now that societies have been established, it is very easy to keep the transactions secret. In fact it is the usual practice in Ireland that the transactions between the society and the members are treated as confidential and are not known to anybody except the borrower, his sureties and the members of the committee that advanced him the money. What a boon it would be in Indian villages if people's affairs could be similarly kept from the knowledge of their neighbours! Then again they never anticipated any difficulty in getting qualified men to work on the committees, men who would be quite impartial in their

money dealings, and would keep an eye upon the debtors and see that the advances were properly used and promptly repaid. It was sometime before I could actually realise that not only did the societies not find any difficulty in getting the proper sort of men to work them, but that the men who worked them did their duties entirely uninfluenced either by fear or favour. It was a thing of everyday life to them. It was not out of their patriotism that they did it. It came to them naturally. Then though there was a tendency in the beginning not to apply the debts wholly for the avowed objects, still there was not much difficulty experienced in the recovery of the debts.

4. As the schoolmaster seemed to be a versatile gentleman I talked with him about matters such as the problems of village education and rural economy generally. It may interest you to know something of the prevailing opinions of thinking men on some interesting rural questions. India is a country of small holdings, and it is said that the farms would be more profitably worked if the farmers lived on their farms instead of congregating in a village. There I found the average acreage of farms to be the same as in my part of the Bombay Deccan. The farms average about ten acres, and each farmer almost always lives on his own farm. Of course conditions vary in several parts of Ireland, but that seemed to be the custom prevailing in the places I visited. My friend, the schoolmaster, told me that the farms were in his opinion too small to be profitably worked. His idea was that they should be about 100 acres each. If the farms were smaller, they could not be profitably worked, and when people lived on their own small farm in a scattered fashion, it would not be possible to do any work in an organised way. That came in the way of imparting primary instruction to the children. No village problem of sanitation, lighting, medical help or any other thing of the kind could be undertaken jointly. If a man became ill, it was difficult to find a nurse or a doctor at hand, and altogether I was told that life became very dull and monotonous. Then they had another drawback in the rural economy of the country, which was that so many people migrated out of the country. With us here though there is a tendency among people to go to Bombay for a few months each year, the majority of them return to their farms to cultivate them. I do not mean to say that this is good for the industries in Bombay or for agriculture in the mofussil, but in any case you do not have a lack of men to cultivate the fields in the villages, though the labour thus obtained is neither efficient nor economical. But there in Ireland when people leave the country, they leave it for years together, and often do not return home at all. Still in backward and rural parts of Ireland people are much attached to their homes and farms, and make it a point of keeping one member of the family at least to look after them and of maintaining him from the earnings made abroad. I was told by the schoolmaster that rent was comparatively very heavy in some parts in Ireland, and without help from relations abroad it was found difficult to make both ends meet. I could also observe from the schoolmaster's conversation what men of his profession, if of the right stamp, could do to mould the characters of the young students and be their guide and friend even in after-life. Apparently they are men well respected in the village, with great influence for good, and it is very easy for them to control and guide the work of co-operation among their community.

5. From Dromintee I motored to Malakband. Here I came across another schoolmaster with more business capacity, and if the ideal of the first whom I met was more philanthropic, the ideal of the second was of successful business. He prided himself on his society being worked on most businesslike lines. He rightly pointed out that in order that a society may not fail, the organisers and supervisors must have some knowledge and capacity for business, without which, I was told, many drawbacks in the working of the society were experienced. He gave it as his emphatic opinion that in order to ensure service worth having, it must be paid for. Honorary workers were all right in the initial stage, but unless a society, however small, was prepared to pay for the work that was done for it, it could not get the best work out of the workers. I do not know how far this principle might be generally correct, but I think from what little experience I have of the movement in my own State, there is much truth in it, and we must keep that in mind in our work in this country. There in Ireland I was delighted to see that everywhere they knew something of the co-operative movement and of the people who worked them. As in India you could ask any passer-by about any well-known person or an institution in the certain hope of getting some current information. So also the farms, the bad roads, the dogs, the children and the poultry roaming about in the streets, and the general comparative poverty of the people all reminded me of India. I must, however, candidly admit that the worst I saw that day could easily equal the well-to-do villages out here. I was, however, told that that was not the poorest part of Ireland. One would find greater poverty in counties to the south and the west of Ireland. I was here in this trip also able to visit two primary schools, with considerable advantage. After spending a very busy, instructive and enjoyable day I went to Dublin. Here I went by appointment to Plunkett House to pay my call to Sir Horace Plunkett, the great benefactor of Ireland in matters of co-operation. Plunkett House is the head-quarters of the Irish Agricultural Organisation Society. The building, which has been raised by public subscription, is named after Sir Horace by the grateful public, to commemorate his services to the country. Sir Horace comes of an old English family settled in Ireland. He belongs to a junior branch of the family, but he has been created a Baronet for his services to Government and the country. It was curious to learn that he had a delicate health as a boy, and therefore was advised to work in the colonies as a rancher, so that he could lead a free, healthy, active life in the pure balmy air. Sir Horace returned from America in 1889, where the combination in business has been perhaps unduly pressed, and where little businesses are swallowed up until Trusts are all-in-all. He had also visited Germany and other countries where co-operation has reached a high development. After his return home he set himself to promote agricultural co-operation in Ireland. For some years his efforts were not crowned with much success, some few societies having been started here and there. The advantages, however, began to appear from a combination of men of small means, and the demand went on increasing, with the result that he was able to found the I.A.O.S. in 1894. The object of the I.A.O.S. is to establish co-operative societies among the farmers and to advise and guide them. It has nearly succeeded in revolutionising the Irish Dairy Industry. In the co-operative creameries alone it is admitted that the annual gain to the farmer through this organisation is now £400,000 a year. The total trade of the movement since it began is over £2,500,000. The total number of the societies started by the I.A.O.S. exceeds one thousand.

6. Sir Horace was a member of Parliament for Dublin from 1892 to 1900 and Vice-President of the Department of Agriculture and Technical Instructor for Ireland from 1899 to 1907. He is a very kind and genial person, and gave me very valuable assistance through his organisation. Applications for information were nothing new to him, for only a few days before I went there an influential gentleman from Mysore had seen him, not to mention commissions after commissions from various parts of the world, especially from America, which have been visiting Ireland to take a leaf out of its book in the matter of co-operation. While I was visiting a co-operative society at Enniscorthy a Scotch gentleman had come to study things there. I was kindly supplied with all the important literature and the maps of the societies, and in conjunction with the Secretary we drew up a programme of our further visits to one typical co-operative creamery and a well-organised society. Accordingly the next day we found ourselves going to the south-west again through some really beautiful scenery. The train service in Ireland is not much better than here. The trains run very slow and the connections are few and far between, and so many hours were spent in going from place to place. In the evening we arrived at Enniscorthy. The next day the only thing we had to do there was to spend our time at the co-operative society and its stores. This society had started not only co-operative distribution and purchase, but co-operative manufactures also.

7. The society at Enniscorthy was started in 1895, and in 1912 there were 930 members and a share capital of more than £1,500. The total turn-over during the year amounted to £21,000 with a profit of £2,439. The dividend paid to share-holders was 8.5 per cent. All societies more or less have to pass through some difficulties, one of which is the opposition they experience from the money-lenders and small shop-keepers. It is these people in a village that not only supply the capital for agricultural industry, but supply the necessaries of life on credit, which spells ruin to poor agriculturists. Here in this society I was told that they had to face considerable and organised opposition from this source. When the society was started and members ceased to have money-dealings with the Gambin-men as the Irish Marwaris are called, they threatened not to cater to the other wants of the men who had discontinued to be their clients in money matters. Thus the society was forced to start a co-operative store. They told me how when one of their committees was sitting and they were in need of some ink they sent for the articles to the usual shop, the shop-keeper flatly refused to supply them with anything, and then and there they subscribed a capital for starting a small store for supplying all the daily wants of the members. Of course people in Great Britain and Ireland have been very familiar with co-operative stores. The jubilee of this venture was being celebrated while I was in England. Thus it will be noted that in European countries it was only a short step from supplying the wants of the household to supply the necessaries of agriculture by co-operation, and we can account for the rapid spread of this phase of the co-operative movement in those countries.

8. Before the establishment of the stores there was hardly a single power implement in that part of the country, but now in the society's shop alone there are scores and scores of these ready for immediate delivery, and in the train I was able to see at every station some implements being taken down from the train. So it would seem things are moving very rapidly there. In the stores they not only supply agriculturists with manure, implements and all sorts of articles for family use, but they have their own small leather factory for making harnesses, saddles, boots and other kindred things required by the farmers, their idea being to eventually supply almost all the requirements of the members through their own agency. Here I must allude to the difference that has arisen between these co-operative societies and the Government Department of Agriculture in Ireland. So long as these societies confined themselves to co-operative production and distribution in agriculture, Government assisted them to the best of their ability, but when they began to enter on manufacturing, the vested interests of the traders were affected and a row was made by them that this was going beyond the proper sphere of agricultural co-operation, and ultimately it would seem that Government had to yield and to withdraw their support from the societies. It would seem to be a moot point whether co-operative societies should undertake co-operative manufacture, at any rate at the initial stage. But if this co-operative movement is to be allowed to develop to its logical extent, one wonders whether any artificial limitations could be imposed. There at Enniscorthy I was fortunate enough to be able to talk with several members of the society.

9. On the day on which I went there they had a committee meeting, and the members of the committee kindly allowed me to be present at their deliberations. It was a delight to see how methodically and in business-like spirit they worked there. Almost all of them were men of substance and great common sense. Some of them were well-versed in co-operative literature. In fact one of them had made a study of the whole subject and knew about the spread of the movement in India as much as could be gathered by reading the published literature on the subject. I met there another gentleman who had served in India years ago and was transferred to Egypt, where he had spent the best part of his life in the service of the Khedive in a responsible position. They called him Pasha, and he was very well conversant with the difficulties of the Eastern countries in matters of agriculture. Here I spent many hours in talking and comparing notes with them. They told me, besides what I have recorded above in the account of my visit to Dromintee, that the whole aspect of Irish Agricultural life had been revolutionised since the introduction of the co-operative societies amongst them. They told me that religious or political differences did not come in the way of their steady progress; in fact the membership had become a great factor in unifying the various diverse interests. Hereabout the farms are not very small. Still the people are not very rich, and as is well known the land belongs to the landlord. Government now-a-days assists the tenant in becoming what is called the peasant proprietor, that is, the owner of the land he cultivates on a lease from the landlord, and these societies have come there at a time when they can habituate these small men in their estates by helping them to become the owners of their farms. The societies are in fact proving a panacea to almost all the evils in Ireland. As is well known, it is having a great moral effect upon the people. It is creating a taste for thrift and industry amongst its members. They mentioned scores of instances of this. In fact some of them liked the movement more for its beneficial effects in this direction than for the cheapness of capital which it brings. With the exception of one minor partial default they never experienced non-payment of the debt in the tran-

sactions of the society. Members never borrow more than they require and make prompt and punctual payments of the instalments of their debts. It has not only made the members industrious and thrifty, but they have been taking great care to instil these virtues in their friends and neighbours, and altogether they have been creating *esprit de corps* among various members of the society. They are gradually becoming quite a power for good in the country. This movement is not only helping the peasant proprietors, but it is very helpful to agricultural labourers also. Government are trying a novel and interesting experiment of building small cottages for labourers, with an acre or two of land round about it, to eventually become the property of the labourer who tenants it and pays the price of it in about twenty yearly instalments in rent. This also is proving quite a success on account of the work of these societies, because they advance the capital for cultivating the small bits of land and for buying a small pig, which the family fattens and ultimately sells at substantial profit. In this way even the labourers are able to own houses and plots of land without requiring any thing on their part better than some industry, honesty and thrift. I was greatly pleased with my visit to the property of one of these labourers. These cottages were snug little houses, with a piece of land quite sufficient for one family to work upon as a subsidiary means of livelihood. In this way the agrarian problem of Ireland is being solved to the satisfaction of the Irish public and advantage to the United Kingdom. If these reforms had come earlier than they did, I was told that perhaps the 'Home Rule' question would not have taken the acute form that even at the time of my visit it had assumed. The intelligence and the business capacity of the members of this society struck me as more than what one is accustomed to see here among the members of the village municipalities and local boards. It was also gratifying to see that landlords and big farmers took very great interest in the movement. It was in fact on account of the love of labour of such people that the movement had been making such headway. It would interest some of my sporting friends to know that one of the farmers, who was a moving spirit in this society, owned a small stud of polo ponies. I make mention of this to show to my countrymen with substance the sort of work that is expected of them in helping this movement. As is well known, Ireland is famous for its horses and I saw some very beautiful polo ponies on the farms.

10. The next day we went to Glamore to have a look at the co-operative creamery. It happened to be a public holiday on account of the feast of the local Saint and some races in the neighbourhood. No sort of assistance in the way of conveyance was to be had. So we were obliged to encroach on the kind hospitality of a farmer, whose son, a J. P., kindly conducted our party to the gentleman for whom I had an introductory letter. There I was brought into contact with a representative of another set of agency for organising and spreading the work of co-operation among the people, *viz.*, that of the priest. It may come as a revelation to some that even in Europe priesthood has a great hold on the people. Much of the philanthropic and educational work is done through this agency. It is also to be noted that ministers of religion are men of sound liberal education and generally men of good character. As I said, they wield considerable influence with their neighbours, and they organise charities and other works of social amelioration. So it is quite natural that the priesthood should take an active part in the advancement of the work of co-operation.

11. At the several places I visited I inquired whether advances from co-operative credit societies were made for such non-productive purposes as weddings, &c. Opinion seemed to be divided on this point, but the majority seemed to hold that marriage being a necessity not only from the individual point of view, but as it was also necessary for the well-being of the community, it was a necessary expense and so ought to be met like other productive expenses. They, however, took special care, according to the reverend gentleman, to see that as little expense was incurred as possible and that all the parties concerned, *viz.*, the bride, the bridegroom, and their parents had some readymoney of their own to contribute to the expense before they made an application for the loan. It is interesting to learn that in poor parts of Ireland prudent people always make a point of saving some money every year for the marriage of each of their daughters. So also young men and women before they think of matrimony try to save sufficient money as a substantial contribution to cover the expenses of starting a home for themselves. The Roman Catholic minister I met also was very keen on education, and said that co-operation would not make real headway unless people were thoroughly educated. He attributed the backwardness of Ireland to this drawback, and also held that India would not progress unless things in educational matters had far advanced. Thus it will be seen that the schoolmaster and the priest are great factors in the promotion of the co-operation. So also the assistance of the landlord is necessary for the real advance of the movement. From inquiries I made on this head it seems that there is a phase in the development of the movement when the landlord is apathetic then after a time when he is somewhat hostile, and in the end he realises that his own good also consists in co-operating with his tenant for bettering his own and his tenant's condition. This transformation, however, does not take very long. I should think that if the large farmers and landlords had not readily assisted in the movement, it would not have made such rapid progress as it has done in Ireland, because more than in India, Ireland is a land of, or at least until recently used to be, a country of landlords. Another source of opposition, as already indicated, is the money-lender and the small shop-keeper. It is not very easy to get over this opposition, because these people are men of intelligence and enterprise. They have secured certain advantages in money matters as well as position in the village, and they do not readily submit to the inevitable in fate when a co-operative movement takes hold of the people. In my humble opinion, however, in India it would be possible to obtain ready help from even the Marwari if the situation is properly handled. For in Indian villages, and perhaps even in smaller towns, the money-lending business is chiefly carried on by the professional money-lenders. Judging from the nature of their transactions they seem to be concerned with obtaining interest on the money lent. They require some security for the money they lend. Their object is not to be the masters or cultivators of the land. According to the saying, high usury and bad security, they often lose their money. Taking this fact into consideration it appears that they are likely to welcome institutions where they can invest their money safely at a fair rate of interest. The capital thus obtained can be utilised by the societies for starting agricultural industries.

12. Ireland is famous for the manufacture of its butter and its eggs, but as my object was principally to interview people and hear what they had to say, and as time was limited, I was not able to devote any attention to the study of the working of the creamery and the poultry farm. As I had, however, seen some creameries and places for the manufacture of cheese and poultry farms in other places, it did not matter much.

13. In the evening we returned to Dublin and went to Sir Horace Plunkett's residence at Kilteragh Fox-rock, not many miles from Dublin. It was a great pleasure to come in personal contact with such a high personality. He has in an unobtrusive manner, without rushing into the debative arena of politics, worked wonders for his native land. He has done lasting and solid work. Sir Horace is a notable instance of what one can accomplish for the social and economical amelioration of his country without entering the arena of politics, which in a backward country, though a good sphere for acquiring a name, perhaps leaves little leisure for substantial work and produces strife.

14. Although my paper purports to relate to co-operative societies in Ireland, I should like to say something here about the working of a Bank in Edinburgh which interests itself in the problem of housing the poor, and which I took an opportunity to visit while there. A short account of it may perhaps interest you, as a similar movement has recently been started in Bombay.

15. In referring to Mr. Wolfe's book, "People's Banks," I had noticed that there was a co-operative society in Edinburgh, and I decided at least to go and see it during my visit to that city. Fortunately it was not long before I could find the whereabouts of the office, and I made an engagement with the Manager of the Bank and went and called at his office. It was situated in a side street and consisted of only one big room partitioned into two compartments, one serving as an office and the other as a place of business. One man practically ran the whole business, and many months before I visited it, it had ceased to be a co-operative concern. My visit to the place was however, very useful, as it was the only institution of those I visited that interested itself in the question of housing the poor. The rents are apparently so high in Edinburgh that a business concern with some philanthropic spirit can easily finance the erection of flats. The tenants of these flats, while they give the rent, also gradually pay up the cost of the building, and within the course of about 20 years, without having to spend much more than the usual rent, they become the owners of the portion of the house they occupied as tenant. The Manager told me that they did not find it necessary to work in on co-operative principles, rather the work was facilitated by working it as a joint stock company on partly philanthropic lines. It is working admirably, and many poor people have become part owners of the tenements. Though some of the tenants have to give up paying, still a majority keep on paying very regularly the instalments without any hardship, and ultimately they are rewarded for their thrift and foresight. Though the movement is not actually co-operative, still it has many of the advantages of it in bettering the moral and material condition of the clients nearly to the same extent as a co-operative society.

16. This Bank opened a branch at Leith at the beginning of 1913, and the half-yearly report of the Directors ending 30th June shows that "the results so far have been fairly encouraging." During the half-year under report, the sums lodged with the Bank amounted to £45,456, while £910 were paid in dividend and interest to share-holders and depositors. The Directors recommended a dividend of 5 per cent. per annum. The share capital subscribed was £6,605, and the reserve fund rose to £2,375.

17. Before concluding my paper I may be pardoned for making a few general remarks that have suggested themselves to me upon my observation of co-operation in my tour. The most important thing to be borne in mind in the matter of co-operative movement is that the starting and working of the co-operative societies can only be successful, if people among whom you work have in them what I may, for want of a better term, call "co-operative spirit." Unless people are generally in the habit of undertaking works of utility conjointly, they cannot work a society. An individual here or there may work it for a time, but when his guiding hand is removed, the institution fails on account of the lack of proper spirit among the people. So also there must be among the people some business capacity and business morality, some altruistic spirit and above all perseverance in carrying a thing to a successful issue when once it is realised that the thing is good. All these requisites exist in Western countries. "In England the people possess business capacity, commercial morality and the desire to better their position. For a long time they have managed their own Banks and joint stock undertakings, while the various self-help societies and similar organisations, conducted in each case by a committee of members have accustomed even the poor classes to manage their own affairs for the general good. The ground being thus prepared it was easy to apply co-operative credit to this state of things. In the British Isles banks are to be found even in the villages, and most businesses concerned especially in rural areas, are managed by private individuals." In India unfortunately people have had no training of this kind, and the co-operative movement is a thing which was till recently unknown. As with education, so with co-operation, the object to be kept in view is the building up of character, so to say, of small community that forms itself into a society. It would never do to academically realise the benefits of the movement. You must be prepared to stand by it until the movement succeeds, though individuals may occasionally incur the odium which often attaches to people who try to do their duty fearlessly and without regard to personal consideration. Over and above all the requisites mentioned above there must be a spirit of self-sacrifice, that is, individually undergoing some inconvenience and trouble when there is a prospect of bettering the cause of the community. It is not sufficient to tell the people that a certain thing is to their advantage. They must also be made to realise that in order to get that advantage, they must be prepared, jointly and severally if need be, to undergo some personal loss and trouble. Fortunately in this co-operative movement, if people begin and work in the proper spirit, there need be no loss to any one. The chances of loss only come in when the thing is not properly understood and worked, and in the initial stage it is necessary that workers should be prepared for some disappointment and loss.

18. In Ireland as well as on the Continent I had the good fortune of meeting one or two very eminent men on co-operation. I discussed with Mr. Durand in Paris, and with others in Great Britain and on the Continent, the legitimate sphere of Government assistance and guidance in the development of this movement, and though they admitted that in a country like India at the initial stage such guidance and control was inevitable, the sooner a country outgrew the necessity for it the better for the good of the movement as well as in the interests of Government and the people. In Ireland and in France and in Italy also, they told me, they have passed through this phase in the development of the movement, and are now unanimous in thinking that co-operation, as the movement really signifies, must be worked by the people themselves. Unfortunately it will be a pretty long time before India can hope to enter that stage. I should here observe in passing that along with other interests against which this Institution must be guarded, is the tendency occasionally noticed among the promoters to use the movement for the advancement of their particular interests, such as religious, political or economical, as is the case in some places in Italy and France. From what little I could see Ireland has tried to steer clear of these difficulties, and politics, though at its white heat, has been studiously eschewed by ardent workers of co-operation.

19. Before resuming my seat I must say that the observations contained in this paper are based on such information as I could gather from reports and statements which I read, and from conversations I had from time to time with different types of people I met. It is therefore quite possible that some of my observations may not meet with general acceptance, or even they may be wrong or only partially true.

NARAYANRAO BABASAHEB,
Chief of Ichalkaranji.

APPENDIX XII.

Personal Credit.

SYNOPSIS.

I. *Nature of Personal Credit.*—(1) What is credit? (2) Classification of credit; (3) Agencies dealing in credit; (4) Organization of credit; (5) Security for credit; (6) Personal credit; (7) Character: its basis; (8) What is character? (9) Honesty, diligence and frugality; (10) Capitalised by co-operation.

II. *Elements of Personal Credit.*—(1) Character; (2) Proximity; (3) Associated action; (4) Maximum of responsibility; (5) Efficiency of management (Minimum of Risk consisting in); (6) Investigation of purposes of loans; (7) Encouragement of thrift and providence; (8) Punctuality in repayment of loans; (9) Sureties and their function; (10) Reserve fund.

III. *Dangers of Personal Credit.*—(1) Misconceived relation of poverty to credit; (2) Co-operation mistaken for philanthropy; (3) Abuse of cheap credit; (4) Greed for dividends; (5) Abuses and corruption; (6) Inefficient control; (7) Want of workers.

IV. *Advantages of Personal Credit.*—(1) Provides safe security; (2) Stimulates thrift; (3) Promotes other forms of co-operation; (4) Educative action; (5) Moral value.

I. NATURE OF PERSONAL CREDIT.

Personal Credit as the basis of the Co-operative Movement has given rise to considerable misconception in its application, and it is therefore desirable, in the interest of that movement, that the nature and scope as well as the limits and advantages of this kind of credit should be understood as clearly as possible.

1. *What is Credit?*—Credit means trust, and, in one important sense, the progress of society has consisted in the increase in the reliability of its members. Conjoint action or, regarded from another point of view, division of labour is possible just in proportion as men can rely on one another. As civilization advances, most of the transactions of the people depend on credit. The most striking application of the principle of credit is to be found in monetary transactions, and looked at from this point of view, credit may be defined as a man's power of borrowing. And it is this form of credit we are concerned with here. The sum borrowed is the loan, from one party, the lender, to another party, the borrower, and the fee paid for the use of the capital is the interest.

2. *Classification of Credit.*—Credit in the form of a loan always requires some form of security, express or implied, given by the borrower to the lender, that the money borrowed will be duly repaid. This security may take various forms, and credit is generally classified according to the form which the security takes. It is real or mortgage credit if the security is land, houses or other immoveable property; it is chattel or pledge credit when the security consists of jewels, furniture or other movable property; it is personal credit where the security does not take the form of any tangible property, movable or immovable, but is based on the status, position, means or character of the person seeking credit.

3. *Agencies dealing in Credit.*—Credit may also be classified according to the nature of the agency dealing in it. When such agencies consist of individuals, dealing preferably with ignorant and needy class of people, they are usually known as money-lenders. On the other hand, when the money-lending business is undertaken by persons dealing with people engaged in trade, commerce or industry, they are known as bankers. With a view to having an increased command over finances for the purpose of affording banking facilities to the public on a large scale, several persons join together to form a joint stock company, and call it a bank. Since banking in this organised form is confined exclusively to important industrial and trading centres, money-lending in far-off country places has come into the hands of persons mostly of unscrupulous character.

4. *Organization of Credit.*—Ordinary money-lending is only an unorganised form of credit, while a bank in its present form is the highest expression of organised credit. "Credit" as Professor Laurent says, "is not the creator, but simply the mover of capitals. It multiplies indefinitely their services. Credit, when organised, quickens the movement of capitals as the rail quickens the revolution of wheels." Consequently, ordinary money-lending is to a bank what a bullock cart is to a railway train. Just as the train can carry a large bulk of cargo or passengers over a long distance for a comparatively small fare, so is a bank in a position to lend a large amount of money on a low rate of interest. No organization of industry or trade on any scale is practicable without the previous organization of credit. In fact credit in its organised form has become the very ruler of the world. Cannot then banks be started in all the parts of our country? But banks, or for the matter of that, joint stock concerns on any scale flourish best in an atmosphere where public opinion can make itself felt and where the press is strong. Where these conditions are wanting, banking, as well as trade or industry, have to be carried on in an unorganised form, and any attempts to organise them on joint stock basis do not meet with general success. Nor can the advantages of joint stock concerns started in central towns be extended to people living in far-off places, for they cater for the wants of big persons preferably living in those towns, leaving the small folks in petty villages to their own resources. Happily, however, co-operation has stepped in to take the place left vacant by joint stock companies, enabling small folks to organise their small banking, trade and industry on a small scale. By organising small credit it would be quite possible to bring it in touch with the town banks, just in the same way as a light railway by its junction with the heavy railway connects the traffic of small places with that of towns, to the advantage of both.

5. *Security for Credit.*—Credit, as has been observed, always requires security. This security may take the form of immovable or movable property, according as the class of credit is real or chattel. Personal credit, on the other hand, has rested mainly on the basis of the known status, position or means of the borrower. But, here too, there may be deemed to exist an indirect security of some tangible form consisting of movable or immovable property belonging to the borrower. For the status, position or means of a person always implies the known possession of property, movable or immovable, sufficient in the estimation of the lender to satisfy the loan he advances. And when you thus look up to the borrower's property for the repayment of the amount lent, the loan must be looked upon, for all intents and purposes, as having the indirect security of some tangible property, movable or immovable, which the borrower is reputed to possess.

6. *Personal Credit.*—There is yet another variety of credit which cannot, even if it would, look up to direct or indirect security of any form of tangible property, belonging to the borrower, but which has to look up solely to his character to satisfy the loan. It is this variety of credit, which may really be termed personal in its true significance, that forms the subject of this paper.

7. *Character: Its Basis.*—This variety of credit has character for its basis, and can therefore be more appropriately termed Character Credit. But character, when not accompanied by the known possession of some form of tangible property, was rarely considered as an asset of any value to form the basis of credit. Consequently, people who could lay no claim to the qualification of property, like the small farmer and artisan, the petty trader and daily labourer, or the impecunious clerk, could scarcely negotiate credit except on exorbitant terms, with the result that it often demoralised the lender as well as the borrower. But since the advent of the co-operative movement a negotiable or marketable value has been given to personal credit based solely or mainly on character.

8. *What is Character?*—But what is the nature of the character which has a pledgeable value? Suppose a small peasant, artisan, trader or labourer, though possessing little or no tangible property, is yet endowed with sufficient bodily strength and has also the skill required for plying his trade or profession as well as the willingness to work. Suppose he stands in need of a loan either as a working capital for the conduct of his profession or for the maintenance of his family. What is the security he offers for it? Not certainly any tangible property, for he may have none. What he offers is therefore his capacity and willingness to work, which may be looked upon as a sort of potential property, for by work he expects to come by property as the wages or reward of his labour. It is this potential property which he offers as security for the loan he seeks to borrow. But again, what is the certainty that he will pay a portion of his wages or earnings towards the satisfaction of his debt? For this, however, you have to depend to a great extent upon his character. An estimate of such character is made by a process of reasoning depending upon certain considerations, as for instance, whether the borrower has a general reputation for fair dealing, whether he is free from such vices as might divert all or a large portion of his earnings, whether he shows diligence and earnestness in his work, and so on; in other words, whether the person is endowed with those qualities which make for honesty, thrift and providence.

9. *Honesty, Diligence and Frugality.*—Thus it is not the intention alone that has any value. It is not the promise, but diligence coupled with thrift that forms the basis of personal credit. A borrower may have no intention to defraud his lender at the time he asks for a loan; but if he will never exert himself to convert his labour into cash, or even if he would, has not the qualities requisite for thrift, there can be no chance of repayment. Consequently, character to form the basis of credit must consist of honesty, diligence and frugality—the most important elements affording ample material for capitalization.

10. *Capitalised by Co-operation.*—Given the necessary character, the next question that will arise is—how is it to be capitalised? For we know as a matter of fact that persons having a pledgeable character are seldom in a position to negotiate it in the open market. The reason is, character can have a value only to the person knowing its worth. What value can the character of a person living in a far-off village have to a banker in a town? Even men of ordinary status, though living in the same town, could scarcely be expected to be known to an average banker. Even if he knew, would he consider it worthwhile to enter into petty transactions with them? The character of such small folks, therefore, easily lends itself to be exploited by neighbouring money-lenders, to the great disadvantage of the borrower and not always to the advantage of the lender. How then is this class of small borrowers to be enabled to negotiate credit on easy terms? The only method that has yet been discovered is co-operation. However high may be the value of small particles of gold scattered all over the country, a town banker will scarcely care to exchange them for cash. On the other hand, if you bring together many such particles and fuse them into a nugget, any banker would then be quite glad to exchange it for ready cash. It is this process of bringing together so many individuals of character for a common object that is known as co-operation, and when their conjoint action has credit for its object it is known as co-operative credit.

II. ELEMENTS OF PERSONAL CREDIT.

From the above resume of the nature of personal credit, we are in a position to understand what elements are requisite to make it an asset of negotiable value. These elements will be briefly noted below.

1. *Character.*—The first requisite of personal credit is character. The conduct of the person seeking credit must be such as will ensure a presumption of fair dealing on his part; he must, moreover, be a willing worker and must possess such personal habits as to warrant prudence and forethought on his part. No person should therefore be admitted into a society, formed for facilitating personal credit, who does not possess, nor holds out a chance of acquiring immediately the requisite qualifications of honesty, diligence and thrift. "The best guarantee of a credit society," says M. Luzatti, "is the worth of its members."

2. *Proximity*.—Since personal character could only be ascertained at close quarters, it is desirable that members joining the credit society should be such as could easily know each other by reason of their living in the same village, and working in the same factory or office, or belonging to the same caste or creed. Only such persons should join together for personal credit, for then only will combination ensure touch, mutual knowledge, common interest and power of control. By confining the operations of a society to a limited area, its members are enabled to have frequent opportunities of intercourse with it and with one another, and to take an active part in its management without much personal inconvenience.

3. *Associated Action*.—It is plain that character can have a value only to such person as, by reason of his residence in the neighbourhood of those who are seeking credit, is in a position to estimate its worth. Such a person is generally a money-lender and often of a questionable type. You have therefore to find out a means whereby you can get out of his toils. The best means so far known is co-operation. Under this system the isolated units in quest of credit join together into an association, and all the individuals joining it pledge their joint credit, being enabled thereby to obtain credit on more favourable terms than any one of them individually could. The association in the first instance would obtain credit only in its immediate neighbourhood, but as its transactions continue to be fair and punctual, its reputation for credit must necessarily increase and become more widely known, thereby enabling it to negotiate credit in a much wider range and on a far larger scale. Now, when similar associations are formed in other parts, a number of them in the neighbourhood of each other could in their turn combine to form a bigger society or union; and a number of such unions could next join together to form a yet bigger institution known as a central bank, say in a big city like Bombay. This bank would deal with the public at large, and the vast credit obtained by it could filter down to the unions, from the unions to the smaller associations or societies, and from the societies to the individual members. And, as a Sanskrit poet puts it, in describing the virtues of united action, by the simile of a rope, the tiny fibres (small folks), though individually without strength, gain power (credit) when woven into a string (society), slender though it may be; gain further power (cheap credit) when the strings are in their turn twisted into a cord (a union); and gain still more power (cheaper credit), even sufficient to control an elephant (the open market), when the cords are rolled together to form a stout rope (a central bank). Thus each fibre by joint action not only helps itself to gain strength, but it also helps its fellow fibres in gaining strength. Here is an example of self-help as well as of mutuality based on the principle, *each for all and all for each*. It therefore follows that personal credit can be made negotiable in the open market only through the power of united or associated action, which goes under the name of co-operation. Hence it is that institutions of personal credit are generally known as Co-operative Credit Societies.

Maximum of Responsibility.—A society intended for credit purposes and of persons whose only source of capital is personal character, must necessarily be formed on the joint and several liability, or what is commonly known as the unlimited liability of its members. It is only by such inter-connection of liability that you can have the maximum of responsibility which, according to Sir Robert Morier (in his paper contributed to the first Co-operative Congress of 1869) forms the first postulate of personal credit to give it a negotiable value. If in the individual character you have a moral guarantee, you have in the collective liability of such individuals a material security which is an effective substitute for pledge or mortgage. By maximum of responsibility you are in a position to attract the maximum of credit. Security is the magnet for attracting credit; therefore, the greater the security the greater will be the attraction for credit.

People are often under a misapprehension that unlimited liability is rather a risky affair. But it is the safest course in the long run, and the only course available for capitalising character by co-operation. Unlimited liability calls for certain wholesome restraints which may often be found to be absent in a limited liability concern. A society with unlimited liability need not, and under a prudent management does not, by reason of an awakened sense of responsibility undertake more business than it can safely manage. It will always study safety and eschew risk of all kinds. Thus what is unlimited liability in name will be limited liability in effect. On the other hand, if a limited liability concern, free from such wholesome restraints, were to enter into transactions far beyond its control and much beyond the bounds of safety, the result would be—what is limited in point of liability would be unlimited in point of risk involved. Witness, for example, some of the joint stock banks in our country which recently went into liquidation.

5. *Efficiency of Management*.—At the same time it is not quite correct to say that the credit of a society is higher, simply because its liability is unlimited, as compared with that of a society with limited liability. If the management of a society is wanting in efficiency, the risk involved in its transactions can none the less be serious even though its liability be unlimited. The real test of safety in point of credit of a society lies not so much in the nature of its liability as in the efficiency of management. The quality of management again will depend not on the number of men on the committee but on the character of the work they do; not on the soundness of rules framed for the conduct of the business of the society, but on the spirit in which they are administered. Such persons should be elected on the committee as are trustworthy and disinterested, as might contribute to the work of the society, without allowing it to be concentrated in the hands of a single person, and as might keep a vigilant eye over its details. For whatever may be the conditions which contribute to the success or failure of a society, its main determining factor is the quality of its management; the more efficient the management is, the more assured will be the success of that society.

Minimum of Risk.

It has already been stated on the authority of Sir Robert Morier that "Maximum of Responsibility" is the first postulate of personal credit. Its second and perhaps the more important postulate according to the same authority is "Minimum of Risk." And in fact the first postulate can itself be hardly compatible with soundness and safety if unaccompanied by the second. The elements of personal credit that will next be considered are mainly such as go to minimise risk in a co-operative society for credit.

6. *Investigation of Purpose of Loans.*—Every loan, as already pointed out, presupposes repayment. A loan advanced on the security of property can certainly look to that property for its repayment irrespective of the use which it may be put to. On the other hand a loan, advanced on the personal security of the borrower not known to possess any tangible property easily and readily available to satisfy the amount, can only look for its repayment to the borrower's future earnings. Consequently, the repayment of a personal loan can be said to be certain only when the borrower puts it to such use as will increase his earning capacity directly or indirectly. Suppose a trader employs the loan to increase the capital of his trade; an artisan to purchase the implements of his craft; a farmer to purchase seed or manure for his farm; the loan can then be said to fructify itself by tending directly to increase the borrower's earnings so as to enable him to repay it with ease. Or it may also be that the borrower had taken a loan from a money-lender at a higher rate of interest and repays it by borrowing from the society at a lower rate, his earning capacity being thereby increased by the difference in the two rates. On the other hand, if the loan is dissipated in luxury or improvident expenditure, the chance of its repayment will be remote. Consequently, the best security for a loan is the use to which it is put. A co-operative society must, therefore, make it a point to grant loans, as far as possible, for productive purposes, for an outlay which promises a profit or economy, so as to reproduce itself out of its own employment.

But a society may also have at times to advance loans for non-productive purposes, such as social or ceremonial expenditure required by public opinion. But here, too, any expenditure beyond the bare requirements should be checked. On the other hand, the extent of such loan must strictly be within the borrower's means or ability to repay it within a reasonable period. For here, unlike in the case of a productive purpose, the use does not work up itself to repay the loan.

It is therefore essential that in all cases the borrower should be required to state the purpose of the loan to enable the committee to judge of the existence and the extent of the need. Such investigation is beneficial both to the borrower and to the lending society. To the borrower it means friendly advice and guidance; for it will keep him well within his means, providing him with a chance of early extrication from debt. To the society it means the best provision for safety, for it will minimise the chance of default and therefore of risk, thereby increasing its credit in public estimation.

Borrowers may at times be found to be chary to disclose fully the purpose of the loan they ask for. But then they should be reminded that they deserve no confidence (by way of loan), so long as they are not prepared to repose any in their own committee. Confidence implies mutuality, and there can be none such where there is trust on one side and secretiveness on the other. Moreover, every borrower cannot be expected to be his own judge, whether as to the appropriateness of the purpose or the extent of his need; consequently, full disclosure of purpose by the borrower, and its investigation by the committee are quite essential, as without them close supervision over the grant of loans would be impossible.

7. *Encouragement of Thrift and Providence.*—Every loan requires to be repaid, and a loan on personal credit presupposes its repayment mainly, if not wholly, from the savings effected by the borrower out of his income. And since his income is limited, he could only save if he would manage his affairs economically. Economy and thrift, therefore, form the important conditions of personal credit. When the borrower begins to save from time to time something from his income in order to pay the instalments of his loan, he becomes gradually initiated into the habit of thrift. Any act often repeated tends to become a habit, and thrift is merely a habit of saving; self-control is its basis and forethought its motive. First you begin to save to pay off your loan, and when the loan is paid off you would naturally be led to think that if you laid by something from time to time, occasions for borrowing would be minimised. Thus the habits of thrift and providence become automatically inculcated into you and become a part and parcel of yourself. And in fact these virtues form the pivot upon which the whole system of personal credit turns, for there can be no credit where there is no chance of repayment, and where thrift is absent the chance of repayment must be small.

But thrift is valued not only for its own sake but also for the great virtues which its practice brings on. The very act of self-control which thrift involves has wrought admirable reforms among those practising it, giving impetus to industry and diligence, and engendering a feeling of self-respect and honesty. It is thrift, as involved in the idea of personal credit, that has raised the tone of co-operative effort to such a high pitch of moral excellence.

8. *Punctuality in Repayment of Loans.*—Punctuality in repayment of loans is the high-road to thrift, while its absence must often lead the borrower to improvidence. When once he is allowed to be lax in repayment, he would obviously treat his liability very lightly. The very incentive to save being absent, the borrower might naturally be led to spend his income in any way he likes, without setting apart anything for the repayment of his loan, with the result that when the final date of settling the account arrives, he finds the full load of debt still clinging to him without any prospect of its immediate payment. The only course left open to the borrower, as well as to the society, is to have recourse to a paper transaction by way of renewal, which again will be treated as lightly as the former liability, and the chance of recovery of the loan will be more and more remote. It is therefore a matter of first importance that the tendency to laxity should be nipped in the bud by insisting on punctual payment of instalments. Vigilance on the part of the committee in this respect often produces a wholesome effect on the borrower. On the other hand, if the committee's precaution to remind and warn the borrower at proper time, and if necessary, his sureties also, has no effect, there will be little excuse left to him or them, and no room at all for concession or leniency, which at that stage might only have the effect of encouraging laxity among other borrowers and endangering the safety of the society. All co-operative societies, therefore, make it a rule, firstly not to advance a loan a second time to the person who without sufficient cause has failed to be punctual in repaying his previous loan, and has thus failed to earn the right to obtain a fresh loan; and secondly, to visit the want of punctuality with a penalty by way of higher rate of interest for the overdue period. It is regrettable that our Civil Courts do not yet

see the distinction between the penalty imposed by a co-operative society on its defaulting member and that imposed by a grasping money-lender on his hapless victim. It is therefore very desirable that greater facilities should be given to co-operative societies to enforce the penalty clauses in the borrower's bond, leaving no chance for an impression that such clauses have no force in them. Laxity is contagious and requires to be prevented by proper safeguards and controlled by suitable remedies, in order that it may not spread its contagion to other members.

Borrowers may at times be found to advance the argument that the rule of punctuality need rigorously be enforced only in the case of poor members, in that the chance of recovery from them is small, while in the case of members better circumstanced want of punctuality could be overlooked, as they may be trusted to repay the loan sometime or other, their very means being a warranty for re-payment. If this logic be accepted by a society, punctuality will soon cease to exist in its transactions, and the chance of recovery of its loans will be remote, for every member is, in his own estimation, a person of *some* means.

9. *Sureties and their Functions.*—In matters of loan it is not the borrower's promise alone that the society would depend upon. He may not employ the loan for the purpose for which it was advanced, or may fail to be punctual in its repayment. Either way lies danger, to minimise which the borrower must be required to furnish sureties sufficient, in the estimate of the committee, to go bail for him. The sureties must undertake full and mutual responsibility with the borrower, both for the repayment of the loan in due time and for its employment for the purpose for which it was advanced. Sureties are offered from among the borrower's own circle of friends, and are therefore in a position to estimate the extent of risk they undertake. They may on that account reasonably be, and as a matter of fact are, expected to exercise a friendly check over him as regards the mode and extent of the expenditure of the borrowed amount, provide personal supervision and keep themselves in close touch with the borrower.

Societies should never allow themselves to be led away by the platitude of the so-called champions of co-operation, who are often found to urge that the rule requiring a borrower to furnish sureties should be relaxed in the case of poor and helpless persons unable to find sureties at all, as they would otherwise be left in the lurch. "What is the good of a *co-operative society*," demand our benevolent friends, "if it does not extend a helping hand to a helpless man; for how can he be expected to find sureties if none are prepared to stand bail for him?" Such arguments do little credit to their knowledge of the elements of co-operation. For they must remember that a co-operative society is not a charity house, and that co-operation is as much a matter of business as any other, and that the more fully does a society recognise ordinary business principles the more truly is it co-operative. A co-operative society no doubt does help the poor, not indeed any poor, but only such of them as have earned the title to credit by honest labour and thrift; for no man who is really honest, hardworking and thrifty need be under a difficulty to find sureties. It is by the insistence upon finding sureties that co-operative societies give the incentive to the indolent to be diligent, to the improvident to be thrifty and to the dishonest to change their conduct and take to honest life, so that they may qualify themselves for credit by a reputation for character. And the best test of a borrower's character consists in his ability to furnish sureties, which therefore constitutes an index to his credit.

On the other hand, it is never expedient to dispense with sureties even in the case of members whom the committee may consider to be men of position, as is done in some societies. Every member is quite likely, and is entitled, to consider himself to have some position; and inequality of treatment must give occasion for resentment, and will besides introduce an element of laxity in the transactions of the society. Further such a course might lend force to the argument that if sureties may be dispensed with in the case of a person of position, who by reason of his very position should feel no difficulty in finding sureties, and in any number, why should they be enforced in the case of a person of no position whatever, who by reason of *that* very fact should be unable to find any sureties, at all? The safest course is to demand sureties from all borrowers and thus to minimise the risk to the society.

A society is scarcely in a position to itself watch over the operations of a loan; that work has therefore to be delegated to the sureties. And since effective control by a society over the borrowers can only be exercised through their sureties, the latter become an intermediate body between the society and its borrowing members, safeguarding the former and guiding and helping the latter. The more the sureties realise their responsibility in this respect, the more effective will their guarantee be. Nothing can therefore be more detrimental to the interests of a society than any act on its part calculated to make the sureties feel that their liability is merely contingent on the failure of every possible step taken against the borrower for the recovery of the loan. The liability of sureties should be full and equal, or which is the same, joint and several, and must be enforced with as much strictness as if they themselves were borrowers. A surety who has failed to perform his duty by the society should not again be accepted as surety for another loan, whatever his position may be, and if he be a member he must be treated as a defaulting borrower. It is only the full recognition of their duties by the borrower as well as by his sureties that will enhance the credit of a society, and every society ought to aim at impressing a high sense of duty on its members.

10. *Reserve Fund.*—The Reserve Fund is the foundation for the solvency of every society whose transactions are based upon personal credit. It is a safeguard to members as well as to depositors. No effort should be spared to accumulate it to as great an extent as possible. A strong reserve enables the society not only to meet unexpected losses, but also to fortify its security and to place it on a sound basis. It is further essential that the reserve should be indivisible and inalienable, in order that members may find in it a strong attraction to bind them to their society. With a view to allowing the reserve speedily to accumulate, it is necessary that the work of a co-operative society should be as economically managed as possible, recourse being had to honorary work so far as is practicable. Dividends should be kept down as low as possible, and all available profits should be carried to the reserve. In the case of unlimited liability societies, the Act itself disallows distribution of profits, requiring them all to be carried to the reserve. This is quite in consonance with

co-operative principles. In the case of limited liability societies, however, members imbued with a true co-operative spirit should allow no dividends to be paid at all for the first few years, and thereafter pay as small a rate as possible till the reserve is strongly built. This is the invariable practice in the case of all well-managed societies in Germany and Italy. This self-sacrifice at the initial stage well repays itself by the increased facility of credit which the society is enabled to enjoy on the most favourable terms, at the same time ensuring the society a high degree of stability, carrying with it an increased freedom of action and independence of outside financial aid in times of stress and stringency.

III. DANGERS OF PERSONAL CREDIT.

Personal credit is at times exposed to certain dangers which, if not properly guarded against, might lead to serious consequences. These dangers arise not out of any inherent defect in this class of credit but from a misunderstanding of its true object and scope. Several points there are which, by reason of misconception of the principles of co-operation, threaten at times danger to a society. A few of them have already been indicated in the previous pages as side-issues and some more will be noted below:—

1. *Misconceived Relation of Poverty to Credit.*—In the first place there seems to be a good deal of misconception in some quarters as to the relation of poverty to credit. Since co-operation has enabled the poor easily to obtain credit, it is contended by some people that every person who is poor should be considered eligible for credit, irrespective of his other qualifications. But poverty divorced from character, from honesty, industry and frugality is a positive bar to admission into a co-operative society. Poverty in itself is therefore no qualification; the sole test is character. It is a mistake to consider a credit society to be an institution for the relief of the poor. What relief a credit society gives is by way of loans alone, and since every loan presupposes its repayment, only such of the poor could be helped to this relief as may, by reason of their honesty, industry and thrift, be safely trusted to repay it duly.

2. *Co-operation Mistaken for Philanthropy.*—Nor is a co-operative credit society a philanthropic institution, for which it is often mistaken. There is no idea of pity or charity involved in it. It is purely a business concern and is worked solely on business principles. As Mr. Henry Wolfe pointedly puts it—people often want to win their cake without climbing or running for it. A co-operative society would be merely doing its duty by shutting its doors against such people. Co-operative credit offers no universal panacea for remedying the indebtedness of the people at large, but it only points the way to the prudent and thrifty, how they can combine for obtaining credit on favourable terms. Co-operation should always be kept out of the region of philanthropic faddism. It gives nothing without taking something in return, and whatever it gives it expects to be returned. Charity, on the other hand, may do more harm than good. It might make its recipient careless and improvident. All notions of charity and philanthropy must scrupulously be kept out of the sphere of co-operation, though a co-operative society may legitimately direct some portion of its profits derived from business to be devoted to any common philanthropic objects.

3. *Abuse of Cheap Credit.*—Yet another source of misconception is the supposition that co-operative credit must always be cheap credit, meaning thereby that a co-operative society should charge a lower rate of interest than even the ordinary market rate. But there cannot be a greater fallacy than this. Avoidance of payment of a usurious rate of interest is no doubt one of the objects of co-operation, but not at all the provision of cheaper credit than can be raised in the open market. Even the process of bringing down the rate to the prevailing market rate should be gradual and not sudden. Credit should be educative rather than cheap. Until a person is educated into a proper appreciation of the value of money, cheap credit would be a disservice to him. One great defect of the present sources of credit is that they do not teach the borrower the value of money he is allowed to utilise, until the lesson is ground into him by difficulties in which he finds himself on his neglecting punctual repayment. The first requisite in any scheme for bringing credit within the reach of the multitude is the introduction of safeguards which will prevent its abuse. Cheap credit is a double-edged weapon. In the hands of a diligent and thrifty man it will fructify itself indefinitely; while in the hands of a man not well grounded in thrift and providence, it might prove to be a cause of his ruin. Credit must be safe and sound rather than merely cheap, and the great merit of co-operative credit is that it safeguards its members against its abuse.

4. *Greed for Dividends.*—The foregoing dangers are such as arise from ill-directed zeal or misconceived benevolence. But dangers may also arise from greed and selfishness, or, worse still, from corruption: A thirst for dividends, for instance, may lead to undue desire to make profits, giving rise to speculative business and reckless disregard of the safety of the society. Eagerness for big and showy results may also lead to the same consequences. Co-operative societies cater for the needs of small folks, whose business must necessarily be on a small scale. Small as the business is, it is also safe and sure. Greed for profits and eagerness to gain results on the scale of big joint stock banks would only lead you to take unsafe, undesirable, may be even unscrupulous steps, to the utter ruin of the concern. The chance of danger from profit-seeking is greater in the type of societies formed on the basis of shares than in the case of non-share societies, and therefore requires to be safe-guarded by such precautionary measures as, by making shares and shareholding of so small a value as would leave little temptation for big dividends, by a rule in the constitution of the society disallowing more than a reasonably fixed rate of dividend, and by making liberal provision for contributions out of profits to some funds or works of common utility, so as to appeal to the members' instincts of generosity, civic duty and brotherly regard.

5. *Abuses and Corruption.*—Abuses and corruption form the most insidious form of danger. The greatest loophole for it is want of control by the committee and absence of discipline, system and method. Constant watchfulness is essential, for the danger may at times become so very advanced before detection as to be beyond any remedy short of dissolution; the only safeguard, therefore, is prevention, which must come by way of a systematic check, a careful and search-

ing audit, conducted not once at the end of the year but at regular short intervals, and an efficient control by the members of the committee. At the same time, the general body of members as well as the public, must be afforded an occasion to judge of the society's affairs by a regular annual publication of the full and audited statements of account and a report of the working during the period covered. A little extra cost and trouble involved in this should not be grudged. An authentic publication of a society's accounts and affairs is an important safeguard. Of the three postulates of personal credit, as laid down by Sir Robert Morier, two have already been referred to; the third is "Maximum of Publicity," which not only helps to keep out abuses and corruption, but also to keep the members in touch with the work of the society, as well as to enhance the confidence of the depositing public.

6. *Inefficient Control.*—Danger may also arise from a misconception or ill-conception of their duty by the committee men and by the members of the general body. A society for personal credit must in the first instance depend for its success on the personal care and caution by individual members of the committee. Each of them should not only take an active part in the scrutiny of loans, but also in the work of enforcing punctual repayments. But a tendency may often be observed of allowing all the work to be concentrated into a single hand on the analogy of the managing director of a joint stock company. Secondly, the general body of the members may altogether neglect to keep in touch with the work of the committee and to exercise any control over it. It is often forgotten that the very object of confining the operations of a credit society to a limited area or a limited number of persons is to maintain mutual touch and control, and to render collective effort effective and complete. A co-operative society is expected to be a veritable beehive, but without the drones. Each member contributes to the work of building up the collective credit and of rendering it safe from all danger. Slackness in any part may spread its contagion to the whole system, and the only preventive as well as the remedy consists in an effective control from within and from without—within, by the members of the management, and without, by the members of the general body.

7. *Want of Workers.*—The greatest drawback to a co-operative society, as to any other movement, lies in the want of workers—of men who are endowed with untiring patience and unremitting perserverance, with unbending character and unflinching energy, with intelligent initiative and sympathetic devotion to the cause of their fellow-men. Mere men you can have in any number, ready to be enrolled on the committee or to be styled by official titles. But the first call of duty and work of any seriousness is to them a notice to quit. "It is not in great schemes or institutions," says Sir Frederick Nicholson, "not in reports or circulars or Government orders, not even in specially granted privileges, that success lies, but in the unassuming labours which, starting with simple ideas, simple aims, and simple facts, overcome each difficulty as it arises, and perfect, *ambulando*, the systems which shall be found suitable to the needs of the country." Most of the societies at present seem to owe their success to the exertions of one or two workers, other members on the committee being mere onlookers. And unless more men arise to join hands with the existing workers, and to take their place when necessary, the whole movement might receive a rude set-back.

IV. Advantages of Personal Credit.

1. *Provides Self-security.*—We are now in a position to summarise the advantages of personal credit. In the first place, its safety as a security is well recognised all over the places where it has come to be practised. Intelligently pursued and properly regulated, it furnishes the best security possible. It is the most elastic and the least hampering form of security available. The fact that pledge or mortgage security is often seen to meet with a favourable reception at the hands of the lending public is due more to their own conservatism than to its inherent safety. It is the custom and convention that surrounds this form of security with a halo of safety. Personal credit in its organised form was little known till recently. Apart from the question of safety, pledge or mortgage security has its own disadvantages to the borrower as well as to the lender: to the borrower there is little stimulus for thrift; with the knowledge that the lender looks to the property secured for the satisfaction of the loan, there is small inducement for him to effect a saving in his income. Debt on this class of security generally means a continuous debt, with little chance of redemption. To the lender a pledge or mortgage may at times prove a white elephant and a doubtful advantage. He has not only to take an extraordinary care in ascertaining its value and title, but also in maintaining its safety. The security has the least negotiable value; and at a time when the lender stands most in need of his moneys, he might find them all locked up and not easily realisable, nor convertible. Personal credit, on the contrary, is most convenient to the lender and highly educative to the borrower. In its organised form, based as it is on thrift, prudence, self mutual help, it satisfies pre-eminently the postulates of safety as well.

2. *Stimulates Thrift.*—Nor as thrift institutions is the value of personal credit any the less. One great cause of improvidence is want of facilities for thrift. A credit society not only affords opportunities for, but also provides a powerful stimulus to thrift. Further, money is not only carefully saved, but still more carefully utilized. Whereas formerly people took care to hide their savings anyway and anywhere they liked, they have now, since the advent of the co-operative movement, brought it to the common fund to be there vivified and fructified.

3. *Promotes other Forms of Co-operation.*—The extension of personal credit is capable of developing most of the other forms of co-operation. The history of the co-operative movement in Germany, Italy, and Ireland goes to show that in the wake of credit co-operation other forms of co-operative service are generally seen to follow. Co-operative credit supplies the means and the training necessary for other forms of co-operation. When people are well grounded in credit, they are often seen to combine for common purchase of household necessities, for collective sale of the produce of their labour, and in the case of farmers for the various other forms of

agricultural co-operation. Personal credit may therefore be considered as the groundwork on which to construct the higher co-operative superstructure, and therefore the firmer its foundation is laid the better will it be enabled to support the edifice.

4. *Educative Action.*—It is for its educative action that personal credit in its organised form is most valued. The very process of drawing people together for collective effort goes to instil into their minds the principles of self and mutual help and to evoke in their heart brotherly love and regard. By providing personal credit to the class of people who stand most in need of it, you will no doubt supply an economic need, but the efforts required to be made to get at the desired object have a most educative value: the sense of responsibility which they awaken, the powers of discrimination which they demand, the care, caution and vigilance which require to be exercised, all call forth the latent energies of a superior order in you. The mere fact that the isolated units, once thought to be devoid of any value, are through combination brought into a consciousness of their real worth and capacity, and helped to a recognition of the extent of strength which union of forces is capable of, would be quite potent to raise their aspirations to a higher level, and to draw forth their best efforts to realise them. When once the power of combination proves its virtue, the possibilities of its extension, to other departments of life will dawn upon you; and the consciousness of your ability to manage your own affairs will, moreover, engender in you a sense of responsibility, self-respect and honesty.

5. *Moral Value.*—Equally important is the high service rendered by personal credit as a moral agent. The condition that the membership of a co-operative society is dependent on good character, and the subsequent watchfulness on each others' conduct which that membership involves, go to act as powerful factors in reforming the persons concerned. Through the agency of a well-organised and efficiently-managed co-operative society, the drunkard is known to have been made sober, the improvident turned to be thrifty and the idle trained to business ways. It not only makes better men, but better neighbours too, for it reminds you at every turn that the bond which holds you together is common work, common good and common love. In diffusing personal credit, therefore, in making its advantages better understood and in helping people to its use, you will be rendering the greatest service to your country.

BOMBAY:
22nd July 1914.

S. S. TALMAKI.

APPENDIX XIII.

A Note on the Relations of Affiliated Societies to Unions and District Banks.

The idea of District Unions is indeed new in the Presidency and it will require sometime before our experience can enable us to definitely stretch out the limits of its work.

If we take into consideration the literal sense of the word Union, such a body ought to combine in itself the interests of all societies affiliated to it. If there may be any inconveniences the societies may be labouring under from the attitude taken towards them by Judicial or Revenue authorities they can move the Union to formulate such grievances and place them in a proper shape before the authorities from whom relief in this direction can be expected. In matters of instalments, in respect of the rate of interest allowed on the principal after decree and until recovery there have been and are likely to be in future some cases of real hardships on societies where transactions are naturally above every shade of suspicion. If such grievances had been properly represented the state of things would have been remedied long ago. But up to now as far as the Dharwar District was concerned the several societies were working as disjointed units having no focus where to centre their activities. I am fully aware that it shall require pretty long time before the Union as well as the societies affiliated to it begin to realize their mutual connection. But times and occasions will teach their own lessons. Any serious grievance will, I am sure, awake every member to a keen sense of his duty. The machinery will begin to work smoothly and satisfactorily.

Another thing which the Union is naturally expected to do is the financing of its members, as there can be no taxation without representation. This service cannot be extended to any society unless there is a willing and ready submission to inspection and advisory control.

If the affiliated societies expect, and I must admit that they have a right to do so, if they expect this financing which in course of time is very likely to be on a pretty large scale, these societies should be ready to invest their reserve funds as fixed deposits in the Union at a sufficiently low rate of interest. It has been a difficulty which has often puzzled me and that is—on one hand we cannot get deposits fixed for more than one year. I tried in the case of the agricultural society under my charge to fix a limit of three years for deposits and even allowed them 4 annas more per cent. per annum to induce people to come forward with such deposits. But as I could get no deposit on these terms I had to accept one year's fixed deposits; on the other hand many applications were made for loans to be repayable in ten or at least five yearly instalments. I had to refuse such applications in very many cases, and limit myself to three years in many cases. I expected and I believe very rightly that there would be many cases of payment in part and a renewal for the balance. If we look to the ideal of the Raiffeisen Societies working in Germany and other places the main principle by which they are guided in fixing the period of repayment is that the loan should be scrupulously used for a productive purpose and should be paid off from a portion of such produce every year.

Being guided by this principle 20 years, 30 years and in some cases even 40 is not considered a long period for repayment. If we travel in India beyond the figure everybody will be astounded with surprise. As it has been remarked by Sir Alfred Nicholson in his exhaustive volumes on the progress of the co-operative movement, "these societies have often proved injurious to the real interests of the agricultural population." The facility of credit which these societies have afforded to their constituents has only resulted in recklessness of borrowing; and such a result we must guard against with all watchfulness at our command, if we wish to profit ourselves by the lesson thus emphatically taught. This our unnatural curtailing of the period of payment has in some cases to my knowledge resulted in a very disagreeable oscillation of the poor, indigent agriculturist between the sowcar and the society. If this sowcar presses for payment the poor soul runs to the society for help. If the society puts the screw on he again reverts to the sowcar for his time of need. The only difference that a poor agriculturist must be making in his heart if he fortunately has a turn for so much philosophizing—between a society and a sowcar—is that the Society's transactions are bound to be what they profess to be, the calculation of interest is correct to a pie, and above all the society emphatically asserts and invariably acts up to what it says, that it is ever ready to repay its dues.

But I think this unsightly oscillation can be to a great degree avoided by granting the borrowers of reasonable period for repayment. Thus the loan will not sit like a nightmare on his breast, and the agriculturist will find ways and means to get himself freed from the burden by his industry and economy.

To enable the District Union to grant such long period loans to societies necessitates the possession of a fund at its disposal certain for a long period. I am on full consideration inclined to look upon this Reserve Fund of societies as a source which ought to be put in the centre of the District Union as deposit for a pretty long period at a reasonable rate of interest.

This putting in of the Reserve Fund will go also to strengthen the bond of Union between the societies. If the societies thus invest their Reserve Fund in the District Union they will surely have an interest in watching very carefully to what societies loans are granted and how borrowing societies are faring. The District Union will thus have an addition of so many eyes.

One of the objects of a District Union is to serve as a balancing centre between the societies affiliated to it. That means the District Union is simply to order a society happening to have a heavy unemployed balance on its hands to transfer it to another society whose need for help is very urgent. This scheme does not seem to involve the idea of any pecuniary responsibility on the part of the Union. Another thing is that as far as my experience goes the Rural Societies have hardly at any time such an unemployed balance in their chests. The inability of a number of societies to pay up their share-money to the Union has fully convinced me of that. In spite of all this I think we can and should always keep their ideal before our eyes. I hope a time will come when a District Union can do this useful service.

There are many other uses, *viz.*, the co-operative purchase of agricultural implements, manure, good seeds for which the presence of a District Union can be rightly utilized. But this will all depend on the progress agriculture itself will make in these directions in these parts of the Presidency.

Last, though not the least, will be the feeling of mutual sense of friendship and brotherhood between these societies. My experience of conferences on a scale large or small has invariably been that it brings together people earnestly working in the same cause. It naturally gives them an opportunity of comparing notes which is largely availed of in the informal conversations across the table and over our tea cups during our leisure hours. It naturally creates an agreeable feeling of emulation. If the conference is of societies confined to a smaller area like a District, the members of which naturally know one another more intimately than people gathered from distant corners of the Presidency, it is sure to be more efficiently useful in this and other directions.

To get up such annual conferences which I take to be in one sense the demonstrations of this movement shall be an important duty of the District Union, the performance of which will be materially facilitated if the affiliated societies will only sincerely join.

I have observed to my great dismay many rural societies still lacking in a proper measure of the right co-operative spirit and right sense of responsibility. In one society, which I visited in my professional tour, I found that the Secretary was everything and everybody else in the society practically nothing. The Secretary was moreover a very inadequately paid man. Nobody has any reason to be surprised if the affairs of such a society should not be as they ought to be.

To put real life into rural societies the only remedy that I can suggest is to make these societies a little bit more independent. The members must be taught to exercise their own judgment in carrying out their affairs of the society. I fully appreciated the desirability of providing a strict supervising agency on their work especially in their infancy. The agency supplied by the auditor and his subordinates may be insufficient. The only agency which suggests to my mind under the present circumstances is a District Union armed with its inspecting staff visiting the societies located in the district and minutely watching whether the affairs of the society are managed in a business-like and disinterested manner. Though in the case of a society of which the liability is unlimited the assets of all the members are legally liable to the last pie yet I feel sure that if unfortunately a contingency should arise in the case of any such society to touch the assets of the individual members there shall certainly crop up innumerable technical difficulties before a creditor can hope to reach the pocket of an individual member. Hence there is sound reason in my insisting upon a constant inspection of the working of the society. Often it occurs that interest of the leading members flags, their enthusiasm cools down, their expectation by way of self aggrandizement is not realized and the work of the society immediately begins to show signs of the gradual loss of vitality. The work of recovering arrears falls backward. The supervision of the use a member makes of the money he borrows becomes slack. The collections of small deposits becomes slow. In short, the society ceases to be a society in the real sense of the term. To avoid this catastrophe, constant supervision, incessant advice and unceasing encouragement are absolutely necessary. Recently I have had some experience in this direction. Though the Dharwar District Union is not yet fulfilling all the requirements naturally expected from an institution of this kind I as a Chairman of this Union feel that I am brought in closer connection with the work of the societies now affiliated to this Union. I have often had occasion to talk to the Secretary and the Chairman of several such societies and the few words that I talked to them of the spirit in which such societies should be conducted especially that portion of my talk wherein I impressed upon them the bright possibilities of such societies if properly conducted seemed to have a decided influence on their minds. And if I may be pardoned for the sight of presumption on my part I can assure my readers that those people returned to their village wiser than when they left it. I may quote two prominent instances and these are the managing members of the Lakkundi and Kanwalli Societies. Very lately the members of the Kot-umachgi Society have consulted me with regard to the advisability of starting a co-operative store in their village. The consultation has been mainly by correspondence and the inspector of the District Union has been up-to-now the only communicating agency between us. I have sent them word distinctly telling them that a co-operative store is a new experiment at least in this part of the country and I have heard of many more failures than successes. I have in my last message to them laid down three conditions to which they must loyally and honestly conform before I can undertake to forward their papers for registration.

So you will clearly see that a District Union or for the matter of that a District Bank with an enlarged view of its functions can and should come forward to help these societies by supervision, advice and control.

But I believe that I shall not be far from truth if I say that it will entirely depend upon the position that is given to such a Union or Bank by the authorities. If by some method it be so arranged that for establishment of a society, for the granting of a loan and for the transaction of other minor business an Union or a Bank is legally constituted an important factor and its opinion is asked and duly weighed the societies affiliated to such a Union or Bank will gradually begin to look to it as a body for whose opinion they should care. They will then begin to think that the inspection of its management by such an Union or a Bank is not intrusive. As at present constituted and empowered the Union is very likely looked upon as an unnecessary and uncalledfor body.

I further am of opinion that no District Union can have at its command funds sufficient to meet all the demands of all the societies affiliated to it. It is absolutely necessary that it should have at its back some such body as a Central Bank like the one now established in Bombay. Fortunately for us such a body has already been started and it has been showing its activities in various directions. It only remains now to suggest ways and means to bring the District Unions and the Central Bank in closer touch with each other. If by some mutual agreement the risk of a loan be shared by the Central Bank and a District Union on some rational principle if only the Central Bank insists upon having a recommendation from the District Union if a society demands a loan from it, the District Union will begin to realize its position and responsibility and the work

of the Central Bank will be materially smoothened. That Bank will be fortified with an additional safeguard if it has, before deciding to take any step in this direction the opinion of a body which has ample opportunity of keeping a constant watch upon the working of the society working in the District to which the District Union belong.

I am fully aware of the natural trait in human nature, *viz.*, the reluctance to submit to inspection and supervision. Even a Government officer takes some time to sit firmly in his seat. People who are accustomed to obey his predecessor do take some time before they are accustomed to show the same reverent obedience to him. He too takes some time to find out the varying characters of his subordinates. Just as in the case of the new door fixed on hinges it takes some time before it begins to go backwards and forwards in a smooth and unjarring manner; a District Union newly established shall have to pass through a probationary period before it begins to make its existence felt. But I am sure that if in addition to the actual work done by such a body by way of supervision and financing, the authorities make it a point by their treatment of such a Union to give it definite and tangible status in the field of co-operation such a body will in the very near future begin to fill the gap which I am convinced there is between such rural societies situated as they naturally are in the furthest and obscurest corners of a district on one hand and the authorities in this department and the Central Bank on the other. It shall be real and reliable link between the two poles. The burden of the shoulders of one will be materially eased and the societies will prosper by the timely advice given by such a Union or Bank.

If we look to the history of such Unions in other countries it will be seen that they were felt a necessity at a particular stage of the growth of the co-operative movement. I firmly believe that such a time has arrived in India and unless a step is taken in right earnest at this juncture the co-operative movement in India would not put forward all the fruits expected to come out of it.

I have in this paper tried to jot down a few points that have occurred to me. I hope I will be excused for the repetition of some things which it was in my opinion necessary to emphasize. As far as I am aware there is only one District Union in the Southern Division. One is shortly going to be started in Belgaum. The one in Satara has very recently come to grief for lack of interest and enthusiasm.

I am to conclude by saying that there is bright future before such Unions if they are managed in the proper spirit and fashion.

Dharwar.

V. M. HERLEKAR.

APPENDIX XIV.

Need of a Co-operative Society for Agricultural Live-stock.

As it ought to be, the co-operative movement has a very close bearing on agriculture. An agriculturist without good cattle is just like a soldier without useful arms on the field. Government are no doubt doing something in this direction, but their activities alone cannot answer the needs of the country. It is no use denying the fact that degeneration has found its way into cattle, and a comparison of the village stock with that on a Government farm will completely demonstrate this statement.

2. Cannot such farms be maintained in each district in the form of a co-operative Society? The question of breeding the cattle may not be taken up in the commencement, and yet there is a great future for the society assisting both the agriculturist and the non-agriculturist. A society such as this will open a new market in the district to which people can turn with an eye of confidence.

3. In the commencement, the activities may be confined to bullocks only. These change so many hands every year, because of the poverty of the agriculturist. Soon after the monsoon, a poor agriculturist will sell off his bullocks, and a moneyed man is sure to get them cheap. There is then not that demand for bullocks as we see towards the commencement of the monsoon. The result is that the agriculturist sells cheap and buys dear. The stock bought is again not quite according to one's requirements. If the agriculturist has no money to buy bullocks, he pays either a heavy rate of interest on the price, or a large sum or its equivalent by way of hire.

4. These difficulties are not insurmountable, and if a society be formed with some encouragement in the beginning, the society can purchase these bullocks at reasonable prices, and can similarly sell the same towards the monsoon. In either case, the middleman's wages may be saved to the agriculturist. Otherwise there are brokers in these dealings, as in others, and they earn commission from both the parties, the seller as well as the buyer. They hardly assist in the assessment of fair prices, and would always lean against the interests of the needy party.

5. Given a good supply of fresh water and facilities of a sufficient area for pasturage, the society can be successfully worked. The maximum number of bullocks to be maintained should then be fixed, and arrangements made for their treatment in case of sickness. This would not be very difficult, as in almost all the districts there are Veterinary Surgeons whose services should soon be availed of as occasions arise. To guard against the loss of their lives, the cattle may be insured for their full value.

6. To meet the up-keep charges, the bullocks can be either given out on hire at fixed rates, or the society can itself own some carts and ply them on hire. During busy seasons, when there will be a larger stock with the society, these carts will earn it a handsome profit. If the society ply its own carts, the animals will not be overburdened, and a good care of the same will otherwise be ensured.

7. An interesting question, however, arises whether such a society should be floated on a limited or on an unlimited liability. The former seems to be the more convenient system, and if that is approved the next question is, how should the capital be raised? A share of a value higher than Rs. 5 will not appeal to the class of people for whom the society is intended. This whole amount should not be called up at once. Rs. 2 only may be recovered on admission. As an alternative, an annual subscription of Rs. 2, with no participation in profits by way of dividend, may be fixed. Nonpayment of such fees may entail loss of membership. It may be considered whether the existing agricultural associations may not be advantageously registered as co-operative societies. The working capital can be conveniently raised on the security of the stock also.

8. The membership should be open to a limited area, whether a district or a taluka, as circumstances permit. In the beginning this should be left open to the entire district, and business ordinarily limited to members only. I say "ordinarily," because the stock may occasionally have to be purchased from an out-station or cattle recommended to be disposed of may have to be auction-sold. Such outside purchases and sales should, however, always be under prescribed conditions only. The manner of sales will open a further question whether these should be for cash only or on credit also. I see no objection to allow credit on proper security if the resources of the society permit so doing. Sales on commission *plus* actual cost through the society can also be encouraged and may be preferred to a very large extent.

9. These and other matters of detail will be settled by suitable by-laws, which the department will gladly draft out if the main scheme meet the approval of the Conference.

10. I am giving below a very rough idea about the initial and monthly cost of maintaining such a society in Broach city, together with a similar estimate of its monthly income apart from the profit or loss earned or incurred in the sale business:—

INITIAL COST.

	Rs.
(1) Price of 50 bullocks	... 5,000
(2) Do. 10 carts	... 500
(3) Do. 10 ploughs	... 50
(4) Miscellaneous	... 150
Total	...Rs. 5,700

MONTHLY COST.

	Rs.	a.	p.
(1) Interest on Rs. 5,700 invested at 7 p. c. per mensem	...	33	4 0
(2) Food for 50 cattle. Rs. 20 per head per mensem, or Re. 1-5 per pair per diem	...	1,000	0 0
(3) Wages of 10 servants	...	100	0 0
(4) House-rent and Karkun's wages	...	35	0 0
(5) Miscellaneous	...	10	0 0
Total ...	Rs.	1,178	4 0

MONTHLY INCOME.

(1) Income of plough and cart-hire, Rs. 2 per diem for 25 pairs	...	1,500	0 0
Less—Rs. 200 allowed for non-employment	...	200	0 0
Total ...	Rs.	1,300	0 0

11. We must allow certain percentage for insurance against fire on premises and for death of the cattle, also the illness or depreciations. If 24 per cent. per annum or 2 per cent. per mensem on investment be allowed, this would amount to Rs. 114, and the monthly cost increased to Rs. 1,292-4-0. Making all allowances, there is yet a margin of profit estimated at (1,300-1,292-4-0=) Rs. 7-12-0 per mensem, or Rs. 93-0-0 at the end of the year. These figures are intended to serve as a rough basis for the projected society.

Broach:
July 9, 1914.

A. U. MALJI.

APPENDIX XV.

Co-operative Supply of Agricultural Implements.

"It (Agricultural Co-operation) has been found to put fresh heart into Agriculture where declining and to carry remunerative cultivation into previously neglected parts."—*Henry W. W. Wolfe.*

FOREWORD.

Co-operation and Agriculture must go hand-in-hand and develop a truly organic connection. Their union is not come, it is yet to come, and it is towards that, our future efforts must be directed. It is unnecessary to record a caveat that co-operation does not begin and end with credit. Co-operation in the wide sense of the word really begins when credit organisation is safely established. So the future advance of the co-operative movement in this country, will be best gauged by the success with which we shall be able to solve our agricultural problems by the employment of Co-operation. Improvements in Agriculture demand a widespread of co-operation. Co-operation in short must be regarded as a "hand-maid to agriculture."

AGRICULTURAL IMPROVEMENT: BETTER PROVISION OF IMPLEMENTS.

1. Indian agriculture stands in need of improvements in many respects; the substitution of more economical and better suited implements in place of ill-adapted ones, is not the least important of them. The problem of introducing labour-saving implements assumes a very great importance when we consider on the one hand, the high price of draught-oxen and on the other, the scarcity of agricultural labour. This paper aims, in an humble way, at pointing out the ways and means by which the agricultural industry may be improved at least in one respect, i.e., provision of implements.

CO-OPERATION—A MEANS.

2. The difficulties that meet us at the very outset in our uphill work of effecting suitable improvements in the pursuit of agriculture as carried on in this country, are chiefly two, *viz.*, the chronic poverty and illiteracy of ryots. These difficulties which have been actively operating from a very long time are responsible in a way, for having retarded the progress of agriculture and keeping it in a pitifully stagnating state. They have discouraged all enthusiasts of agricultural improvement, seeming almost insuperable. But recently we have been in possession of a means which enables us to carry improvement to our premier industry, if we are so minded, not by removing those difficulties but in spite of them. That effective means in the inauguration of the Co-operative Movement by the passing of Act X of 1904; it will be our endeavour in the succeeding paragraphs to demonstrate how that means can be utilized to further our object,—the provision of improved implements.

ILLITERACY AND POVERTY NO LONGER A HINDRANCE.

3. (i) Co-operative Credit Societies are in a far better position financially than individual cultivators, to purchase labour-saving and economical implements, even if they are costly, and hire them out to members. Credit means the command of money, which is the same thing as the command of anything that one wants. It is through the medium of credit organization that even poor ryots are enable to advantage themselves of improved methods and implements. Were they to act each in an isolated way as they were wont to do once, they would not reap the benefits of this joint purchase and ownership, which is rendered possible by the establishment of Co-operative Societies.

(ii) Agricultural Department in its propagandist work, can better deal with societies than with individuals. It can communicate to societies its experiences of the advantage and disadvantage of various kinds of new implements and suggest improvements in indigenous ones. It can get into an intimate touch more easily with societies than it can with ryots individually; they are too many for its constant and close supervision and guidance; in short, an individual cultivator is too inconvenient to be handled by the Department, in the matter of agricultural improvement. Societies at a less cost and with more facility can put themselves into communication with the outside world and benefit their members by useful information received. They can keep themselves informed of what experiments have succeeded and what have failed, and recommend to their members the adoption of successful ones. They can carry on correspondence on various other sundry useful matters for the common weal of members. This is not possible in the case of our illiterate ryots, if they are to make unaided efforts, each with his limited means. It is thus through the organization of co-operative credit, that we can overcome the difficulties of poverty and illiteracy in an effective manner.

ADVANTAGES OF CO-OPERATIVE SUPPLY.

4. Co-operation is eminently suited to meet the economic needs of a country of small holdings like India. The majority of our ryots are too poor to invest any money in improved implements, which are costly in comparison with the almost negligible cost of indigenous implements. Even well-to-do ryots hesitate to buy an English or American iron plough of 30 or 40 Rupees worth. But happily this difficulty of individual poverty disappears, if societies undertake to provide their members with improved implements out of their common funds. Moreover, machines and other economising implements worked by power are too big a concern for any individual. Though he may by himself, be able to buy such, he may not be in a position to make a full use of them. They will have to lie idle for a greater part of the year. This would not be the case if many could use them; they would have active work, all the year round. Costly implements owned by individuals will not wear out soon, owing to insufficient work, and thus be open to the danger of superannuation in this

age of fast inventions. Besides, the cost of keeping them in working order by frequent repairs and renewals will be too great for the affairs of one man. Moreover, Government agricultural experts will not be able to expend so much time and trouble for one man's concern as they can on societies'. All this will not happen if such implements are co-operatively owned and managed by societies. Sometimes, if societies are enterprising enough and in a financially sound position, they may even assist the Agricultural Department in its research and experimental work by carrying on experiments independently, and thus pioneer the way of agricultural improvement. All these are, in plain words, the real advantages of a co-operative supply.

TIMELY CAUTION.

5. Co-operative supply must not begin until after credit organisation is safely established. All societies without distinction should not be urged to undertake co-operative supply. Those only which have earned a name for sound management and have a sufficient Reserve Fund should be encouraged to take up the work of agricultural improvement by making a better provision of implements. Nor will any society be induced to undertake experimental work with regard to any implement so uncertain in results and so costly, as to endanger its financial status and land it in difficulties; nor will any society buy any of the implements on its own initiative, without previously consulting the Agricultural Department.

A FEW EXAMPLES.

6. Of the co-operative supply of agricultural implements, I would beg permission to relate a few cases which serve as a kind of warning against mistakes that are likely to be committed. A Co-operative Credit Society in the Dharwar District, at Lakkundi purchased an iron plough for the use of its members; it bought the wrong sort, and it is not doing any work except to rust. This is the result of acting without consulting agricultural experts. The Hulkoti Society has obtained sanction for investing a part of its Reserve Fund in agricultural implements. It should take care that its money is spent on the right kind of implement. Wheat-crushers are found to be of much use in the wheat-growing Talukas of the Dharwar District. Societies there should be encouraged to purchase them. C. T., and Sabul ploughs, which are found to be very serviceable by the Agricultural Department, should be popularized through the medium of societies. I have made enquiries whether they can undertake to hire the steam plough of the Wadia Trust Fund, opened last year by His Excellency the Governor of Bombay, at Ranebennur, in the Dharwar District. It will be possible for them to do so if they are allowed preferential rates, as in that case they will have some remuneration for their trouble; and the Agricultural Department will be relieved of much unnecessary and extra work, as it is more convenient to contract wholesale with societies than piece-meal with individuals.

PROPOSALS.

7. After these brief but necessary remarks I feel much pleasure in commending the following proposals to the acceptance of this Conference, in the hope that they will meet with a cordial reception:—

(1) That Co-operative Societies which are a ready-to-hand institution may be utilised as a medium of popularising improved implements and encouraged to purchase and keep in stock for members' use, such of them as are recommended by the Agricultural Department.

(2) That implements tried and found serviceable by the Agricultural Department, should in early stages at least, be sold to societies at cost price, with a view to popularizing their use.

(3) That when a society obtains sanction from the Registrar of Co-operative Societies to purchase an implement, an Agricultural Overseer should be sent to the place to see whether the one suited to answer its purposes is purchased.

(4) That the Agricultural Department should undertake to supervise, from time to time, the working of such implements, with a view to watch and guide their progress.

(5) That the Agricultural Department should, as soon as possible, communicate its experiences of experiments of new implements to societies, and recommend the useful ones for their adoption.

(6) That societies be allowed to buy such implements out of their Reserve Fund, at the discretion of the Registrar.

KRISHNA RADDY B. BHADRAPUR, M.A.

APPENDIX XVI.

Co-operative Education Union.

The Co-operative movement as testified by the number of societies formed, is growing year after year, and as the number of societies increases, it becomes increasingly necessary that their members should have a thorough understanding of the principles of co-operation. Without such an understanding the successful working of societies cannot be ensured, and the moral advantages that follow from them cannot be depended upon. As the movement expands in size and assumes the various forms of the co-operative idea, it will also be desirable to place those persons who now help in the establishment and management of societies into contact with literature setting out the experience gained by other countries in all the departments of co-operation. An educational propaganda must therefore be set up for the benefit both of the members of the societies and of those who assist in their formation, if the movement is to maintain the steady advance it has achieved so far.

No doubt interest in the study of the subject of co-operation is growing day by day. But ample facilities for the fuller study of the subject do not exist anywhere in our Presidency. Every individual has to depend upon his own resources. But unless some concerted and organized effort is made to provide the necessary facilities the furtherance of the object cannot be secured. Moreover practically no effort is made to educate the masses in the elementary principles of co-operation. There are hardly any books or even pamphlets or leaflets on the subjects written in the vernaculars. If the movement is to take a firm root in the country this matter cannot be neglected any longer.

The education work done by the Co-operative Union at Manchester in publishing leaflets and pamphlets and distributing them broadcast may be commended to the notice of co-operators in our country. This body which is supported by a large number of co-operative societies and individual co-operators engages itself solely in educating the public in principles of co-operation and in spreading its propaganda by—

- (1) Maintaining an up-to-date Library.
- (2) Issuing useful bibliographies.
- (3) Issuing and distributing leaflets and pamphlets.
- (4) Arranging lectures sometimes illustrated with Lantern slides.
- (5) And holding Conferences from time to time.

To begin work here on similar lines will require active support of co-operative societies and co-operators. No one society much less an individual can undertake this work. It is therefore necessary that an organization to be called "The Bombay Co-operative Education Union" should be started in a central place like Bombay which will (1) provide facilities, by starting a Co-operative Library, to those interested in co-operation to study the subject fully, (2) issue literature in English, and in the principal vernaculars, on the different problems of Co-operation, to be distributed free or at a cheap price for the education of the masses in the principles of co-operation; and (3) take such other steps for popularizing the movement such as starting a monthly journal solely devoted to co-operative subjects, or arranging lectures on co-operation by honorary or paid lecturers or starting classes to train co-operative workers.

Members.—The Co-operative Education Union will consist of members who may be individuals or societies from the Bombay Presidency willing to pay a fixed rate of fees. For the present the fee may be fixed at Rs. 3 for an individual member and Rs. 5 for a society.

The Co-operative Library.—The Library should consist of books and State publications on all aspects of co-operation, such as co-operative credit, co-operative production, co-operative housing, co-operative insurance, &c. Books should be issued according to rules made for the purpose, to members only. Books may be sent to members either by post or by railway on payment of transit charges. A well arranged catalogue of books in the library should be printed and copies should be supplied to members. A good start may be made with an initial outlay of a sum of Rs. 1,000. Thereafter an annual grant of Rs. 300 will be sufficient for the purchase of new books.

Co-operative Literature.—Experienced co-operators should be requested to write pamphlets and leaflets both for the use of workers and for the spread of co-operative ideals. Those devoted to the former use should be in English and those for the latter in the vernaculars of the Presidency. With an expenditure of Rs. 1,200, 200 pages with 5,000 copies of each may be printed and distributed. As far as possible the pamphlets should be very small containing as a rule five to ten pages. This literature generally should be for free distribution. But societies and individuals interested in the movement should be induced to purchase copies for free distribution on their behalf. This will enable the Union to do more work with less expenditure. Writers may be paid if no honorary writers are available.

Other Work.—Feasible schemes for starting a magazine or for arranging lectures in villages and towns or for training of workers may be devised as the time to give them a practical shape arrives.

Financing the Work.—If a well-thought-out scheme could be formed it should not really be difficult to finance it. At first only a small beginning may be made and the work should be allowed to go on as more funds become available. Moreover the nature of the work is such that

it involves no permanent responsibility. The work can be easily expanded or contracted according to the funds in hand. Until the funds permit a separate place should not be hired and a clerk on Rs. 25 should be the only establishment entertained in the beginning. Money required for the purpose may be raised by the following means :—

(1) *Grant and Subscription from Co-operative Societies.*—For the financial support of the scheme more reliance will, of course, be placed on the contributions from co-operative societies. According to the Act the societies are allowed to set apart a portion of their profits for educational or philanthropic work after provision has been made for the statutory Reserve Fund. If the societies be persuaded to pay even a fourth of this sum for this purpose a sum of Rs. 1,500 may under the present conditions be made available for this work.

(2) *Government Grant.*—If an application for a grant of Rs. 1,000 be made to Government with the support of the Conference there is no reason why it should not receive favourable consideration at their hands.

(3) *Subscription of individual members.*—The growing interest in the subject that is being evinced justifies an expectation to raise a fairly good sum by means of the subscription of individual members also.

(4) *Donations.*—This source of income will, of course, be variable.

There is every hope that a pretty good sum may be raised by the above means. The time is quite ripe for a beginning which if the conference approves may be made at once. A provisional Committee should be appointed to frame rules and the constitution for the Union and give this scheme a tangible shape. If an appeal be made to this Conference for a small initial fund I am sure it will not go in vain.

N. M. JOSHI.

APPENDIX XVII.

Summary of Resolutions of the Conference.

Item on Agenda.	Resolutions.
I	... Received without comment.
II	... Received without comment.
III	... Recorded.
IV	... Recorded.
V	... This conference approves of the principle of a Co-operative Credit Union and would respectfully urge upon Government the desirability of granting the necessary facilities to enable such a Union to be started in Bombay.
VI	... This Conference approves of the lines of work mentioned in Mr. Devdhar's paper and recommends Government to grant to any debt redemption committees started in or out of Bombay for a period of 3 years a sum not exceeding Rs. 500 per annum equal in amount to that subscribed by the individual members and the societies for the purpose of properly carrying on the educational and inspection work in these societies as well as in societies to be started hereafter, and holds that the principle of granting subventions may be also extended to mofussil towns if they are willing to start debt redemption committees on similar lines.
VII	... The conference considers that direct financial aid from Government need not be re-introduced for the purpose of assisting co-operative credit societies in the redemption of old debts. It is of opinion that immediate redemption of old debts on a large scale is impracticable, and that so far as redemption through co-operative societies is concerned, progress must be in accordance with the natural development of the societies. Information about the progress made in the matter of redemption is, however, very desirable, and the conference suggests that the operations of societies towards redeeming old debts should be carefully watched and the results published regularly. Mr. Tarkunde in his paper has stated that the Central Bank has not yet been able to make an attempt in the way of debt redemption, but the conference has been supplied by the Manager with information which shows that the Bank is lending annually increasing sums for redemption purposes. This is given merely as an illustration of the need of public information. Without further experience and information the conference is not prepared to make definite recommendations regarding the procedure which societies should follow. Societies should meantime be left a free hand to deal with the problem as local circumstances demand.
VIII	... The conference considers that the time has arrived for the adoption of some form of Cattle Insurance. It approves the general scheme described in Major Walker's paper, except that certain modifications might be introduced to make it more attractive.
IX	... The Conference resolves— (1) That machines for improved methods of warping be introduced in some of the existing weaving societies. In order to facilitate this Government should undertake to teach at their schools the workmen sent from such societies on the improved warping machines, and to employ efficient teachers for this purpose. The said teachers should in spare time go round and see if the work done at the societies' centres by the trained men is efficiently done. The societies be requested to report the result of this experiment after six months' working. (2) That weavers in all districts should be encouraged to form co-operative societies in their respective districts, in order to get full advantage of economically purchasing their yarn and selling their production most profitably. If a large number of such societies are formed, it may then be possible to buy their requirements wholesale from central markets at lowest possible rates.
X	... (1) The Conference considers that suitable localities for starting co-operative dairy societies should be found out by the Agricultural Department, and the suitability of each locality for production of milk and marketing of milk and milk products should be reported on separately. (2) The Conference recommends that in order to encourage co-operative dairy societies, Government be moved to extend the existing system of loans to weavers and seed societies to dairy societies. The Conference is of opinion that the aid given by Municipalities should take the form of the provision of sanitary accommodation and supervision.

Item on Agenda.	Resolutions.
	<p>(3) The Conference is of opinion that where whole milk is to be sold, it is necessary that milking should be conducted under the supervision of the society, but where the milk is to be used for the manufacture of butter, such a provision is not necessary.</p> <p>(4) The Conference considers that the joint purchase of food-stuffs would be most valuable in the case of societies of gowlis.</p> <p>(5) Local Boards should be asked to purchase and hand over specially-selected bulls to societies, which should contribute part of the purchase price and be responsible for their maintenance.</p> <p>(6) The by-laws attached to Mr. Gonehalli's paper must be considered merely as a model and must be adapted to local conditions.</p>
XI	<p>... The Conference is of opinion—</p> <p>(1) That it is desirable to encourage the storage of fodder against a year of scarcity in tracts of precarious rainfall, which are from Forest Reserves, and where a surplus of fodder is available in good years.</p> <p>(2) That the effort may be made in the direction of encouraging the formation of communal stacks or by forming a Fodder Society on co-operative lines.</p> <p>(3) That in forming a Fodder Society the primary object should be to store fodder over a complete rainy season, so as to provide against a failure of rain during that season.</p> <p>(4) That the society should aim at creating and maintaining storage of fodder up to a definite quantity, and that no fodder should be issued in ordinary years till that quantity of fodder is in hand.</p> <p>(5) That whenever a year of famine or partial famine occurs, the whole or the part of the fodder in store may be issued to members, according to the decision of the committee.</p> <p>(6) That at such times no man can claim to receive more fodder than he has deposited, less wastage.</p> <p>(7) That the committee determine the maximum deposit of fodder that one man may make.</p> <p>(8) That when the quantity of fodder aimed at is in store the committee should have authority to deal with any surplus fodder that may be deposited, either by selling it when rates are high or by advancing it on profitable terms, always giving preference to members.</p> <p>(9) That capital and current charges may be incurred in the erection of sheds in the handling, stacking, thatching, fencing and guarding of the fodder. These charges, except in so far as they can be provided for by the means suggested in the last paragraph, must be met by entrance fees paid in cash, or by annual <i>pro rata</i> levies in the form of cash, labour or fodder.</p> <p>(10) That co-operative fodder storage is a suitable effort for a credit society to take up as an additional work, or for a special fodder storage society to take up as a single work.</p>
XII	... Recorded.
XIII	... Recorded.
XIV	... Recorded.
XV	... Recorded.
XVI	<p>... The following principles should govern the co-operative supply of agricultural implements:—</p> <p>(1) That co-operative societies which are a ready-to-hand institution may be utilised as a medium of popularising improved implements and encouraged to purchase and keep in stock for member's use, such of them as are recommended by the Agricultural Department.</p> <p>(2) That implements tried and found serviceable by the Agricultural Department, should in early stages at least, be sold to societies at cost price, with a view to popularizing their use.</p> <p>(3) That when a society obtains sanction from the Registrar of Co-operative Societies to purchase an implement, an Agricultural Overseer should be sent to the place to see whether the one suited to answer its purposes is purchased.</p>

Item on Agenda.	Resolutions.
	<p>(4) That the Agricultural Department should undertake to supervise, from time to time, the working of such implements, with a view to watch and guide their progress.</p> <p>(5) That the Agricultural Department should, as soon as possible, communicate its experiences of experiments of new implements to societies, and recommend the useful one for their adoption.</p> <p>(6) That societies be allowed to buy such implements out of their Reserve Fund, at the discretion of the Registrar.</p>
XVII	... Consideration of Mr. N. M. Joshi's proposal was postponed till next year.